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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

H.R. 5803/S. 3189

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

PART 1 (Pages 1-399)

National Security

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, FEBRUARY 20, 1990

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:57 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Johnston, DeConcini, Bumpers, Stevens, McClure, Rudman, and Specter.

DEPARTMENT OF DEFENSE

OFFICE OF THE DEPUTY SECRETARY OF DEFENSE

STATEMENT OF DONALD J. ATWOOD, DEPUTY SECRETARY OF DEFENSE
ACCOMPANIED BY SEAN O'KEEFE, COMPTROLLER, DEPARTMENT OF DEFENSE

OPENING REMARKS OF SENATOR INOUE

Senator INOUE. This morning the Subcommittee on Defense Appropriations begins its consideration of the President's request for fiscal year 1991 funding of military spending. We will begin our hearing schedule with an overview of the fiscal year 1991 Department of Defense budget. This morning we will hear from the Honorable Donald J. Atwood, the Deputy Secretary of Defense.

Mr. Secretary, we are most pleased to welcome you once again.

The administration has requested \$295.1 billion for the DOD in fiscal year 1991. This represents a reduction of \$22.4 billion from the levels projected for fiscal year 1991 in President Bush's budget last April. While the request still provides a \$3.7 billion increase over 1990 appropriations, it is 2 percent below the amount needed to keep pace with inflation.

To reach these limits the President proposes to terminate several weapons systems, such as the Abrams tank, the Maverick missile, and the V-22. In addition, two Army divisions would be deactivated and military end strength would decline by 38,000 positions. Several bases and military installations are proposed for closure in later years.

Nevertheless, several costly, high-profile programs such as the Air Force's B-2 bomber and the rail mobile MX missile, the Army's LHX helicopter, the Navy's SSN-21 attack submarine, and the SDI

continue to increase at rates far in excess of inflation. Real growth in excess of 20 percent is proposed for strategic programs overall.

Mr. Secretary, since you first appeared before this subcommittee last May, events have altered the political world almost beyond recognition. The nations of Eastern Europe have overthrown their Communist leadership. East and West Germany have begun reunification talks, and significant changes have occurred within the Soviet Union itself.

These changes have reduced military tensions and some would say even the capacity of the Warsaw Pact to wage war has been negated. In this Congress, the debate regarding defense has changed from how much is enough, to why does the United States really need this much?

These profound changes in the requirements for military spending have led the public and many Members of Congress to suggest that a peace dividend should allow Federal expenditures from DOD to be reduced substantially. The chairman of the House Budget Committee, for example, has suggested that defense outlays in 1991 should be reduced by \$10 billion.

This obviously will be a tough and challenging year for this budget. While these changing times will no doubt put much stress on the defense budget and both departmental and congressional leaders, I believe it is important that we continue to perform our duties in a cooperative and productive manner.

Since assuming this chair, I have made a special effort to encourage comity and cooperation in defense budget process. However, after reviewing the deferral proposals included in the fiscal year 1991 budget, and learning of instances in which the Department has ignored congressional guidance accompanying fiscal year 1990 Defense Appropriations Act, I am concerned that the spirit of mutual respect and cooperation may be breaking down, and I hope that we will not let this happen.

Mr. Secretary, you came to the position of Deputy Secretary with a reputation of a tough manager, and in your first year you have distinguished yourself by continuing this reputation at DOD. Taking on reform of the defense acquisition system as you have under the management review is a tremendous task.

So we are pleased to have you with us this morning and we look forward to your views. We have received your full statement. It will be made a part of the record, and you may proceed as you wish, sir.

STATEMENT SUMMARIZED

Mr. ATWOOD. Thank you, Mr. Chairman. If it is all right with you, we will just leave the full statement for the record, and I have a very brief chart presentation which, if it pleases you, we would go ahead and show it as sort of a summary. I will leave that to you.

Senator INOUE. You may proceed as you wish, sir.

Mr. ATWOOD. As you mentioned, since I last appeared before the subcommittee to discuss our Nation's defense requirements what is undoubtedly a historic transformation has occurred in the global security environment.

The widespread political change in Eastern Europe and in the Soviet Union have greatly improved the prospects for advancing freedom and democracy throughout the world. The challenge we face together is to protect America's security interest while taking account of and supporting this transformation.

Today, I will focus on the budget and the management decisions that we have made to meet that challenge. However, before doing that, I would like to address briefly how the changing global environment has affected our security strategy, underlying the comments Secretary Cheney has made during his recent appearances before the Congress this last couple of weeks.

The events in Eastern Europe and the Soviet Union have had an impact on the overall national defense strategy. The East European forces are no longer a significant factor in a Soviet attack on Western Europe and the Soviets themselves are experiencing severe internal problems.

We should not expect the Soviet Union to neglect the only national instrument that makes it a super power—substantial nuclear and conventional forces. While they are reducing conventional forces, they are continuing to modernize their nuclear arsenal.

In addition, antidemocratic insurgencies in hostile and unstable Third World nations and terrorist organizations now have easy access to high-technology weapons that pose a very real threat to our national interest. We continue to face growing threats of terrorism and drug trafficking.

We should remember that the military strength of America and its allies have made possible much of the positive movement we are now seeing, and it will be critical to continued progress. Therefore, it is particularly important, during this period of global change, that our military preparedness not suffer.

While we are pursuing negotiated arms reductions in both conventional and strategic forces, America's best stance remains steadfastness in defense policies and adherence to a strategy anchored to the still-valid doctrines of deterrence, flexible response, forward defense, and security alliances.

The fiscal year 1991 budget begins the transition to reshape our forces to meet the evolving nature of the threats to our security.

FY 1991 DoD BUDGET
BUDGET AUTHORITY
(\$ in Billions)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>Cum 90-94</u>
April 1989 Plan *	295.6	317.5	332.4	351.0	369.4	1,665.9
(0,1,1,2,2% Real Growth)						
Reduction	-4.2	-22.4	-32.4	-46.6	-61.4	-167.0
January 1990 Plan	291.4	295.1	300.0	304.4	308.0	1,498.9
(2% Real Decline)						

* Adjusted for final economic assumptions

CHART 1

Just a year ago, the President's 5-year plan included modest real growth of 1 to 2 percent per year. Since last April, we reduced our fiscal year 1991 request by \$22.4 billion, as you mentioned, and the planned funding for the fiscal year 1990 to 1994 has been reduced by \$167 billion.

DOD BUDGET AUTHORITY
(Dollars in Billions)

<u>FISCAL YEAR</u>	<u>ACTUAL / PLANNED</u>		<u>REAL GROWTH</u>	
	<u>CURRENT \$</u>	<u>FY 1985 \$</u>	<u>ANNUAL</u>	<u>CUMULATIVE</u>
1985	287	287	-	-
1986	281	274	-4.4%	-4.4%
1987	279	263	-3.8%	-8.1%
1988	284	258	-2.1%	-10.0%
1989	291	255	-1.3%	-11.2%
1990	291	247	-2.7%	-13.6%
1991	295	241	-2.6%	-15.9%
1992	300	236	-2.0%	-17.6%
1993	304	232	-2.0%	-19.2%
1994	308	227	-2.0%	-20.8%
1995	312	223	-2.0%	-22.4%

CHART 2

Now we are recommending roughly a 2-percent per annum real decline in defense budget authority in fiscal year 1991 through 1995. This continues the trend of declining growth that began in fiscal year 1985. By 1995, the result will be a cumulative 10-year real decline of over 22 percent.

DOD BUDGET AUTHORITY (Dollars in Billions)

<u>FISCAL YEAR</u>	<u>0 % REAL GROWTH</u>	<u>ACTUAL / PLANNED</u>	<u>ANNUAL DELTA</u>	<u>CUM DELTA</u>
1985	287	287	0	0
1986	295	281	- 13	- 13
1987	304	279	- 25	- 38
1988	315	284	- 32	- 69
1989	328	291	- 37	-106
1990	337	291	- 46	-152
1991	351	295	- 56	-208
				<u>FY 85-91 Total = -208</u>
PROJECTION				
1992	364	300	- 64	-272
1993	377	304	- 72	-344
1994	389	308	- 81	-425
1995	402	312	- 90	-515
				<u>FY 92-95 Total = -307</u>
				<u>FY 85-95 Total = -515</u>

CHART 3

The fiscal year 1991 request is \$56 billion below the 1985 level in real terms. As a way of comparison, our actual DOD budgets, including the request for 1991, will be \$208 billion less than the amounts that would have been reduced to provide zero real growth from 1986 through 1991.

Our actual budgets end up \$515 billion below that, which the zero real growth level would have been for that same period.

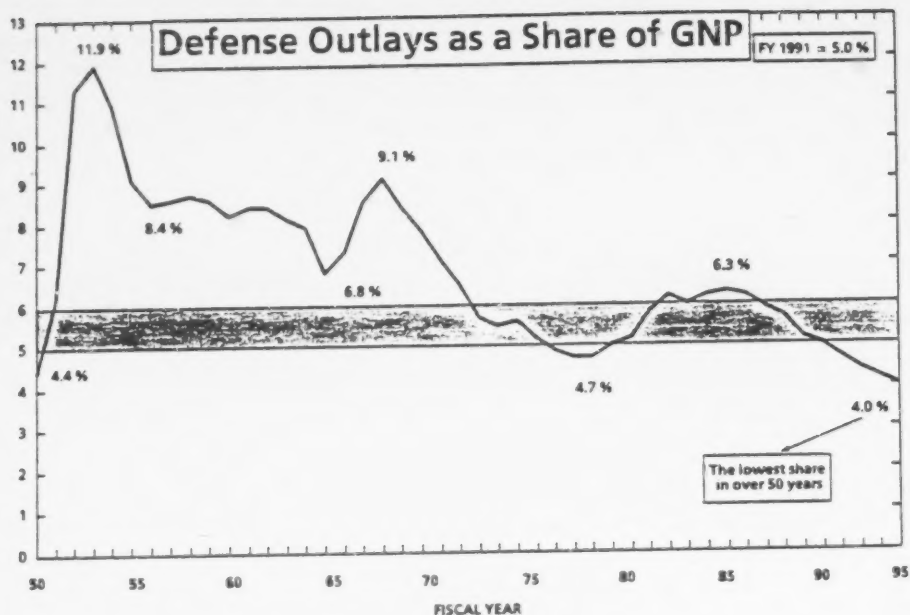


CHART 4

Defense will continue to represent a modest share of our Nation's resources. The fiscal year 1991 DOD outlays will represent 5 percent of GNP. This compares to a 1980's high of 6.3 percent in 1986 and a 1970's low of 4.7 percent. By 1995, DOD outlays as a share of GNP at 4 percent will be the lowest since 1940.

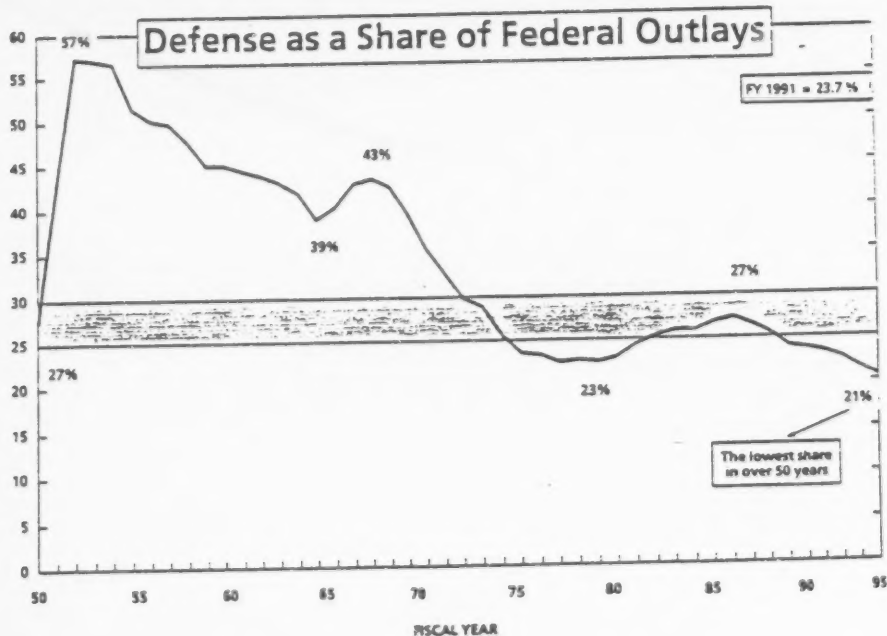


CHART 5

Defense will also take a smaller share of total Federal spending. The 1991 DOD outlays will be 23.7 percent of total Federal spending. This compares to a 1980's high of over 27 percent and a 1970's low of under 23 percent. By 1995, DOD outlays will decline to less than 21 percent, also the lowest share since 1940.

DEFENSE PRIORITIES

- **PERSONNEL/QUALITY OF THE FORCE**
- **READINESS**
- **STRATEGIC MODERNIZATION**
- **MARITIME SUPERIORITY**
- **EFFICIENT PRODUCTION RATES**
- **MAINTAIN TECHNOLOGY BASE**

CHART 6

The 1991 defense budget reflects the administration's priorities and indicates how we should proceed in adapting current forces to changing global prospects. We must continue to recruit and retain high-quality military professionals, readiness. We need versatile, multipurpose forces and sufficient sealift and airlift to deploy them so they can support our global security interest.

Strategic modernization: even with sound START and CFE agreements, we will need to develop modern and survivable nuclear forces and vigorously pursue the Strategic Defense Initiative Program.

Maritime superiority: we need sufficient naval power to ensure our access to critical sea lines of communication and to project adequate military power to areas of U.S. interest.

Efficient production rates: the power, mobility and quantitative edge of our forces require the efficient acquisition of weapons systems under streamlined management, emphasizing multiyear procurement and production at economic rates.

We need to maintain the technology base. To ensure the technological superiority of our systems, we must restrict access to critical western technologies and emphasize military research and development.

FY 1991 DoD BUDGET
MANPOWER
 (End Strength In Thousands)

	<u>FY 1989</u>	<u>Delta</u>	<u>FY 1990</u>	<u>Delta</u>	<u>FY 1991</u>	<u>CUM DELTA 1989-1991</u>
<u>ACTIVE MILITARY</u>						
ARMY	770	-26	744	-17	728	-42
NAVY	593	-2	591	-6	585	-8
MARINE CORPS	197	-	197	-	197	-
AIR FORCE	<u>571</u>	<u>-26</u>	<u>545</u>	<u>-15</u>	<u>530</u>	<u>-41</u>
TOTAL ACTIVE	2,130	-54	2,076	-38	2,039	-91
<u>SELECTED RESERVES</u>	1,171	-16	1,155	-3	1,152	-19
<u>CIVILIANS</u>	1,117	-16	1,101	-5	1,096	-21

CHART 7

Active duty end strength by 1991 is currently scheduled to be 91,000 less than the 1989 level and roughly the same as the level in 1980.

Also, Army and Air Force levels in 1991 will be the lowest since 1950. These manpower reductions reflect the force structure changes we are recommending. Selective Reserve end strength in 1991 is scheduled to be only 3,400 lower than in 1990.

The planned net change in the civilian work force for 1991 is a reduction of 21,000 since 1989, primarily due to the Department's aggressive use of management improvements to reduce staffing and declines in shipyard, aircraft, and ordnance workloads.

FORCE STRUCTURE CHANGES IN THE FY 1991 BUDGET

(Dollars in Millions)

	<u>FY 1991</u>	<u>FY 1992-1994</u>
Deactivate Two Army Divisions	-1,227	-4,940
Retire Two Battleships	-75	-534
Retire Two Nuclear Cruisers	+ 9	+ 99
Deactivate 8 SSNs	-232	-105
Marine Corps Artillery Batteries	-5	-44
Deactivate 14 B-52s	-71	-246
Minuteman II	-128	TBD
WC-130 Weather Reconnaissance	+ 5	-
TOTAL	-1,724	-5,770

CHART 8

We have recommended changes in force structure, considering the changing global conditions and fiscal constraints, that will now move toward a smaller force but without a loss in military preparedness.

Plans to deactivate two active Conus divisions are the moves taking place in the Army. In the Navy, we will retire two battleships and begin planning for the deactivation of two nuclear cruisers, one in 1992 and the other in 1994.

We will retire and deactivate three SSN-594 class submarines over and above the three planned for deactivation in the budget revisions made last April, and we will also deactivate two SSN-637 class submarines.

In the Marine Corps, we will begin planning for the deactivation of 14 artillery batteries, and in the Air Force we will deactivate 14 B-52 primary authorized aircraft in 1990 and close the associated support activity in 1991.

The modernization program seeks to continue efficient rates of production, promote the distribution of new, more survivable weapons, and avoid costly stretchouts.

PROGRAMS TERMINATED IN THE FY 1991 BUDGET

(\$ in Millions)

<u>SYSTEM</u>	<u>FY 1991</u>	<u>FY 1991-1994</u>
V-22 OSPREY	(-1,395) *	-6,468
F-14D Aircraft	(-469) *	-1,991
Army Helicopter Improvement Program (AHIP)	(-328) *	-1,400
PHOENIX Missile	(-333) *	-614
M-88A2 Improved Recovery Vehicle	(-90) *	-309
F-15E Aircraft	(+ 303) *	-3,317
Apache Helicopter	-682	-2,528
M-1 Tank	-1,086	-6,249
Maverick Missile	-367	-743
Air Force Airborne Self Protection Jammer	-264	-1,199
Combined Effects Munition	-142	-399
SEA LANCE ASW Standoff Weapon	-156	-975
Non-Line-of-Sight Missile	-131	-1,202
Advanced Short Range Air-to-Air Missile	-7	-46
Follow on to F-4G Wild Weasel	-12	-176
Air Base Survivability	-19	-130
Chaparral Missile	-26	-157
MK 19 Grenade Launcher	-20	-130
OV-1D Aircraft Mod Program	-37	-120
Autonomous Precision Guided Munition	-27	-114
TOTAL	-2,976	-28,267

* Terminated in FY 1990 Budget.

CHART 9

To achieve this goal, we had to terminate programs that are near completion or production runs that do not meet production requirements or are costly and a relatively low priority. Last year, we recommended and the Congress approved the termination of several major programs, including the V-22 and the F-14D production.

The 1991 budget recommends 14 additional programs for termination which will reduce funding requirements in 1991 by \$2.3 billion. The M-1 tank acquisition is terminated after the 1991 buy. The Maverick missile is also terminated after the 1991 buy. Other terminations were recommended because of schedule slippages, revised requirements, poor reliability and performance, or because there were viable, less costly alternatives to satisfy mission requirements.

DEFERRALS IN FY 1991 BUDGET

(\$ in Millions)

<u>SYSTEM</u>	<u>AMOUNT</u>
OV-1D Aircraft Mods	-16
M483 155 mm Artillery Projectile	-90
HARM Missile	-69
Fast Sealift Ships	-592
MH-60G Helicopter	-151
F-4G Wild Weasel	-31
Combined Effects Munition	-70
Minuteman II Mods	-76
National Guard & Reserve Equipment	-41
Military Construction Projects	-91
Other Programs	-132
Icebreaker	-325
RDX Facility from FY 1988 & FY 1989	-310
V-22 Advance Procurement from FY 1989	-200
TOTAL	-2,194

CHART 10

In addition to programs recommended for termination, we are proposing the transfer of \$1.4 billion from 1990 to finance the 1991 M-1 tank program and to partially fund the F-15E aircraft program.

The largest programs involve fast sealift ships and the MH-60G helicopter. Other programs include the M-483, 155 mm artillery projectile, combined effects munition, and Minuteman II mods. Several other programs are proposed for deferral without transferring the funds.

KEY PROGRAMS IN THE FY 1991 DoD BUDGET (Current \$ Millions)

	<u>DOLLARS</u>	<u>QUANTITY</u>
Counternarcotics Program	1,208	-
B-2A Bomber	5,536	5
SDI Program	4,471	-
PEACEKEEPER/Rail Garrison	2,836	12
Small ICBM	202	-
TRIDENT Submarine	1,453	1
TRIDENT II Missile	1,746	52
SSN-21 Attack Submarine	3,669	2
DDG-51 AEGIS Destroyer	3,681	5
C-17A Aircraft	2,717	6
F/A-18 HORNET Aircraft	2,123	66
F-16D FALCON Aircraft	2,973	150
Chemical Demilitarization Program	431	-
Environmental Restoration	817	-
Dedicated Equipment for Guard & Reserve	455	-

CHART 11

I will not go through all of these programs on this list, but they include the counternarcotics programs that are included, the B-2 bomber, the SDI program, Peacekeeper rail garrison, small ICBM, and you can read the list.

DMR SAVINGS IN THE FY 1991 DoD BUDGET

(Dollars in Millions)

<u>CATEGORY</u>	<u>FY 1991</u>	<u>TOTAL FY 1991-1995</u>
Logistics/Acquisition	1,450	21,000
Administration	300	3,700
Civilian Substitution	20	500
Automated Support & Information Systems	30	4,300
Finance, Procurement & Contract Management	200	3,900
Consolidation Studies	300	5,600
TOTAL SAVINGS	2,300	39,000
<u>MANPOWER</u>		
Civilians	7,800	18,300
Military	8,600	24,600

CHART 12

The defense management report and the savings it initiated lay the cornerstone for a high-quality, more efficient defense program. The report stresses integrity, long-range planning, better communications DOD-wide, strict accountability for managers, for results, teamwork, and innovation.

The first major installment of this effort is reflected in the actions taken to reduce management cost in the 1991 budget. We have identified initiatives in 1991 that will save about \$2.3 billion. It will reduce civilian employment by approximately 7,800 and cut military strength by almost 8,600.

After a 5-year period, cumulative savings should be close to \$39 billion, with corresponding reductions of 18,300 civilians and 24,500 military. These savings will be made in the following major areas:

In logistics, better control over the cost of supplies, repairable items, clothing, and the cost of transportation.

In administration, streamlining headquarters operation.

In management information systems, improving the way we collect, use, and manage information.

In financial, procurement, and contract management, to reduce contractually arranged assistance and in the future establish consolidated contract management.

In consolidation, we are developing plans to consolidate supply depots, inventory control points, maintenance depots, accounting and financing centers, automatic data processing design and operation centers, and the R&D laboratory.

The Department is also aggressively pursuing a variety of other initiatives independent of budget issues. We are enhancing weapons system program performance. We are reinvigorating the planning and budgeting process. We are improving the observance of

ethical standards in government and industry, strengthening the defense industrial base, and reducing micromanagement.

During the coming year, we will be looking for other areas to improve management and we fully expect that the principles of the DMR will enable us to develop additional savings next year and in the years to come.

The promising security developments of Eastern Europe make it prudent for this country to begin to reshape its military posture. However, scaling down our military structure is a difficult task that must be accomplished with great care if we are to keep highly qualified and well-trained people that we have worked so hard to attract to military service.

We must gear our defense adjustments to actual changes in the threat, negotiate sound agreements that require mutual reduction, and promote management improvement initiatives that advance efficient and effective defense programs.

Secretary Cheney and I are ready to work with the Congress to meet the security challenges facing us today and in the future.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF DEPUTY SECRETARY OF DEFENSE DONALD J. ATWOOD

Mr. Chairman, Members of the Subcommittee, I appreciate the opportunity to come before this Subcommittee to provide the details of the Administration's defense budget for fiscal year 1991. In the nine months since I last appeared before this subcommittee to discuss our nation's defense requirements, an historic transformation has occurred in the global security environment. The widespread political change in Eastern Europe and in the Soviet Union have greatly improved the prospects for advancement of freedom and democracy in the world. The challenge we face together is to advance America's security interests, while taking account of and supporting the transformation in Europe.

Today, I will focus on the budget and management decisions we have made to meet that challenge. However, before doing that, I will address briefly how the changing global environment has affected our security strategy, underscoring the comments Secretary Cheney has made during his 5 appearances before the Congress this year.

ADAPTING U.S. DEFENSE STRATEGY TO GLOBAL CHANGES

There is no doubt that the events in Eastern Europe and the Soviet Union itself have had an impact on our overall national defense strategy. The East European forces are no longer a significant factor in a premeditated Soviet attack on Western Europe, and the Soviets themselves are clearly faced with many internal problems. However, the volatility and unpredictability of the situation have made the future course of events uncertain. And, while we expect the Soviets to continue reducing their force levels, the Soviet Union continues to modernize the only national instrument that makes it a superpower: its substantial nuclear and conventional forces. We must also remember that because of its centralized authority, the Soviet Union could reverse its military course quickly and decisively.

In addition, U.S. security concerns, other than the Soviet Union, are becoming more complex. Hostile and unstable Third World nations and terrorist organizations now have ready access to high technology weapons that pose a very real threat to our friends' and indeed our own—national interests. Chemical and biological weapons, nuclear weapons, and ballistic missiles to deliver these deadly weapons are becoming readily available. We also will continue to face growing threats of terrorism, drug trafficking, and anti-democratic insurgencies.

It is particularly important during this period of global change that our military preparedness not suffer. We should remember that the military strength of America and its allies have made possible much of the positive movement we are now seeing, and it will be critical to continued progress. In large part, the events of the past year were the cumulative result of the steady policy of the United States and its allies over four decades, and a lot of personal courage and sacrifice. America's stead-

fast resolve to support and defend freedom-loving peoples around the World held communist aggression in check and provided the stability essential for the maintenance of freedom and the growth of our free enterprise system. Therefore, while we must pursue aggressively negotiated arms reductions in both conventional and strategic forces, America's best stance to counter threats to our global interests remains steadiness in defense policies and adherence to a strategy anchored to the still-valid doctrines of deterrence, flexible response, forward defense, and security alliances.

LINKING STRATEGY TO DEFENSE BUDGET DECISIONS

The growing uncertainty about the location and severity of our future threats complicates the programming and budgeting decisions that determine the size and shape of the forces necessary to safeguard America's interests. Also complicating our decisions is the fact that the forces we may need in ten years have to be planned and programmed now. Nevertheless, we have begun the transition to re-shape our forces to meet the evolving nature of the threats to our security.

The most compelling indicator of the extent to which we are taking account of promising global developments is our revised fiscal year 1991-95 Topline. Just a year ago, the Administration's five-year plan included modest real growth of 1 to 2 percent each year. Now, based on a realistic assessment of America's security threats, our nation can begin, in an orderly fashion, to scale back defense funding somewhat without unacceptable risk to its security, if current U.S.-Soviet negotiations bear fruit as expected. The prudent and efficient pace we recommend is roughly a 2 percent per annum real decline in defense budget authority for fiscal year 1991 through fiscal year 1995. (Chart 1)

This course will involve a substantial reduction in planned defense resources and continues a steady decline in defense funding that began with fiscal year 1986. By fiscal year 1995, the result will be a cumulative 10-year real decline of 22 percent, and DOD outlays as a percentage of our GNP and of total federal outlays will be the lowest in 50 years. As a way of comparison, our actual DOD budgets—including the request for fiscal year 1991—will be \$208 billion less than the amounts that would have been required to provide zero real growth for fiscal year 1986 through fiscal year 1991. When the projections through fiscal year 1995 are included, our actual budgets will end up \$515 billion below what the zero-real-growth level would have been for fiscal year 1986-95. (Charts 2-5)

If the positive developments in Eastern Europe and the Soviet Union continue, we are able to complete satisfactory arms reduction agreements, and there are no unforeseen, extended commitments for U.S. forces, the lower spending we are proposing can keep America's security risks acceptable. However, we need to adhere to a rational and coherent process for allocating our limited resources wisely. DOD's senior civilian and military leaders have discussed extensively the major strategic issues affected by the extraordinary events of recent months. The program actions we have taken are built upon a well thought out strategy and we will continue to review, analyze, and update our plans.

BUDGET PRIORITIES

The fiscal year 1991 defense budget reflects the Administration's defense priorities and indicates how we should proceed in adapting current forces to changing global prospects. (Chart 6)

- *People.*—We must continue to recruit and retain high-quality military and civilian professionals.
- *Readiness.*—We need versatile, multi-purpose forces, and sufficient sealift and airlift to deploy them, so they can support our global security interests.
- *Strategic modernization.*—Even with sound START and CFE agreements, we will need to develop modern and survivable nuclear forces and vigorously pursue the Strategic Defense Initiative (SDI) program.
- *Maritime superiority.*—We need sufficient naval power to ensure our access to critical sea lines of communication and to project military power in areas of U.S. interest.
- *Efficient production rates.*—The power, mobility, and qualitative edge of our forces require the efficient acquisition of weapon systems under streamlined management, emphasizing multiyear procurement and production at economic rates.
- *Maintain technology base.*—To ensure the technological superiority of our systems, we must restrict access to critical Western technologies and emphasize military research and development.

In addition, we must continue to improve our ability to mobilize the necessary resources to meet all possible contingencies by supporting substantial Reserve forces and highly trained and mobile special operations forces, and by preserving a proficient, responsive defense industrial base.

FY 1991 DEFENSE BUDGET REQUEST

The fiscal year 1991 request for the Department of Defense is \$295.1 billion in budget authority (2.6 percent below the fiscal year 1990 level, adjusted for inflation) and \$292.1 billion in outlays. That is \$22.4 billion in budget authority below the President's April 1989 request, after adjusting for the Administration's updated inflation and pay raise assumptions. A reduction of this magnitude forced many difficult, though necessary, decisions throughout the Department. We have begun to reduce the size and the shape of our force structure, we have terminated those programs that are not necessary or that don't work, and we have deferred programs in order to fund others of higher priority. By taking this action, we have made a prudent down payment on our response to the global changes taking place, while providing the necessary defense capabilities to ensure our security within existing fiscal constraints. (Chart 7)

MANPOWER

Active duty end strength by the end of fiscal year 1991 is currently scheduled to be 2,038,800, some 91,400 less than the 1989 level and roughly the same level as fiscal year 1980. In fact, Army and Air Force levels will be the lowest since 1950. The ratification of a CFE treaty necessarily will substantially affect the level of forces in Europe. In anticipation of a favorable outcome of CFE negotiations, the proposed fiscal year 1991 force structure and manpower reductions will allow for an orderly drawdown of U.S. forces. Selected Reserve end strength is planned to be 1,151,600 in fiscal year 1991, a reduction of 3,400 from fiscal year 1990.

Although military pay raises have been modest for the last few years and have not kept pace with changes in private sector pay, the Administration remains committed to the principle of pay comparability. To protect quality achievements in the force, the fiscal year 1991 request, along with a 3.5 percent pay raise, provides for continued benefits, enlistment and reenlistment bonuses, special pay for critical skills, and continuation of current training levels.

Civilian end strength is currently scheduled to be 1,095,741, over 21,000 fewer people than in fiscal year 1989. In order to begin the necessary long-term reductions to the civilian workforce, through attrition to the extent possible, a civilian hiring freeze has been imposed for the remainder of fiscal year 1990. In addition, Secretary Cheney and I have ordered a 12 percent reduction in the size of our own staff in the next three years. (Chart 8)

FORCE STRUCTURE

To move toward a smaller force with acceptable risk, the Army plans to eliminate two active CONUS divisions in fiscal year 1991. The Navy will retire two battleships and begin planning for the deactivation of one nuclear cruiser in fiscal year 1992 and another in fiscal year 1994; retire and deactivate three SSN-594 class submarines over and above the three planned for deactivation in the April budget revision; and deactivate two SSN-637 class submarines. The Marine Corps will begin planning for the deactivation of 14 artillery batteries. The Air Force will deactivate 14 B-52 primary authorized aircraft in fiscal year 1990 and will close the associated support activity in fiscal year 1991. (Chart 9)

The fiscal year 1991 budget supports balanced strategic forces that include land, air, sea, and space based systems. Land-based missiles and strategic submarines will continue at 1990 levels, and the bomber force will decrease somewhat as older B-52's are phased out.

General purpose forces in fiscal year 1991 comprise a 30 division land force including 16 active (about half of which have reserve roundout brigades) and 10 reserve divisions for the Army and 3 active divisions and 1 reserve division for the Marine Corps. Tactical air forces will include 24 active and 12 reserve air wings for the Air Force, 13 active and 2 reserve carrier air wings for the Navy, and 3 active and 1 reserve wings for the Marine Corps. Naval forces, including 14 deployable carriers, will total 546 battle force ships by the end of fiscal year 1991.

READINESS

The fiscal year 1991 budget supports the effective readiness of our restructured forces. Training operations are continued at the fiscal year 1990 budgeted level. This includes Army ground Operating Tempo (OPTEMPO) at 800 tank miles annually and an air OPTEMPO of 14.5 hours per month. Navy Primary Mission Readiness for tactical air operations continues at a level of 87 percent and ship steaming days for the deployed and non-deployed fleets remain at 50.5 and 29 days per quarter. The Air Force continues to support 19.5 flight hours per month for its tactical air pilots. In addition, increases in real property maintenance funding will assist materially in arresting the recent rapid growth in the backlog of facilities maintenance and repair. CHAMPUS medical requirements are fully funded and funding for environmental programs is increased to accelerate meeting statutory requirements and to protect the public health.

DOD COUNTERNARCOTICS PROGRAM

The fiscal year 1991 DOD request includes \$1.2 billion to fund DOD's aggressive new approaches in the fight against illegal drugs under the President's National Drug Control Strategy and Secretary Cheney's Counternarcotics Guidance. The Department will continue its demand reduction program for military personnel, which has become a model for other programs. In addition, funds are requested to expand the National Guard assistance to counternarcotics efforts and expand efforts to detect and monitor airborne and maritime drug smugglers. We will also increase our counternarcotics support to law enforcement agencies.

INVESTMENT

Our modernization program seeks to continue efficient rates of production, promote the introduction of newer and more survivable weapons, and avoid costly stretchouts. We simply cannot afford to fund programs that do not meet performance requirements or are costly and of relatively low priority.

Last year we recommended, and the Congress approved, termination of several major weapon systems. The fiscal year 1991 budget continues our philosophy to cut marginal programs or those nearing completion of production runs and recommends terminating 13 more programs, reducing funding requirements by \$2.3 billion. M-1 tank acquisition is terminated after the fiscal year 1991 buy. The Maverick missile program was terminated after the fiscal year 1990 buy and several other programs were terminated due to schedule slippages, revised requirements or poor reliability and performance. Also, some programs were terminated because viable, less costly, alternatives satisfy mission requirements. For example, the Army will rely on the Air Defense Anti-Tank System (ADATS) and Pedestal Mounted Stinger for air defense, deferring procurement of the Non-Line-of-Sight Missile program and terminating the Chaparral air defense missile. (Chart 10)

In addition to programs recommended for termination, we are proposing to transfer \$1.4 billion from fiscal year 1990 to finance the fiscal year 1991 M-1 Abrams Tank program and partially fund the F-15E Aircraft Program. Some of these programs include: Fast Sealift Ships; 16 MH-60G helicopters; the 155mm artillery projectile; and the Minuteman II Guidance Computer Modifications. Several other programs are proposed for deferral without transfer. (Chart 11)

The fiscal year 1991 DOD budget request supports the efficient and affordable modernization of our forces.

Strategic forces.—The fiscal year 1991 budget supports continued modernization of all components of our strategic nuclear triad. Funds are requested for the 18th TRIDENT submarine and 52 TRIDENT II missiles. To provide mobility for the Peacekeeper missile, the budget includes funding for special trains, to be garrisoned at various Air Force installations. In addition, development of the small intercontinental ballistic missile is continued. For the bomber leg of the Triad, 5 B-2 stealth bombers and 100 additional advanced cruise missiles are requested.

Strategic Defense Initiative.—The budget request contains \$4.5 billion for the Strategic Defense Initiative (SDI) program, a level of funding that will permit progress in this vitally important program. Funding is included to pursue aggressively the "brilliant pebbles" space-based interceptor program, as well as a variety of other programs such as ground-based radar, and space-based sensors. Reductions in the proposed SDI program would undermine our efforts at the Defense and Space Talks in Geneva to get the Soviets to agree to a cooperative transition to a more stable and secure deterrent posture, including strategic defenses. (Chart 12)

Conventional forces.—Funding for our conventional forces in the fiscal year 1991 budget emphasizes production of key systems at efficient rates of production. Land force modernization is supported by continued production of 600 Bradley Fighting Vehicles. Added lift capability for our assault-support forces is provided by the purchase of 72 UH-60A Blackhawk helicopters. The air defense of our ground forces is enhanced by the continued purchase of the Air Defense-Heavy system, the short-range Stinger missile, and long-range Patriot missile. Funding for naval forces reflects the importance of maintaining maritime superiority by funding 14 new ships. Tactical air force modernization continues with the purchase of 282 new aircraft, including the F-15E and F-16 aircraft for the Air Force, the F/A-18 and E-2C for the Navy, and the AV-8B for the Marine Corps. The Navy will also remanufacture 12 older model F-14A and 3 EA-6B aircraft into the current, more capable, configurations. (Charts 13-15)

Special operations forces.—The fiscal year 1991 budget supports the key role Special Operations Forces play in protecting our national security by providing flexible, well-equipped forces that can react quickly to crises ranging from terrorist incidents to major conflicts. Modifications continue to the C-130, MH-47, MH-60, and HH-53 aircraft and related support requirements are funded. The budget also includes funds for the acquisition of weapons, ammunition, and communications equipment for these forces.

Mobility programs.—Improvements to mobility forces support the increased flexibility required to protect widely-spread, U.S. interests with our smaller, restructured forces. Funds are requested for 6 C-17 transport aircraft. We are also continuing the procurement of material-handling equipment for the airlift fleet. Our sealift capabilities will continue to be enhanced by procurement of floating and elevated causeways, utility landing craft, cranes, and other container-handling equipment.

Research and development.—Considering the smaller size of our force and especially the global proliferation of advanced weaponry, U.S. forces must sustain their qualitative edge and take advantage of technological progress. The fiscal year 1991 R&D request funds research and development for technology options related to future weapon systems and provides for Independent Research and Development funds to allow defense contractors to explore new technological approaches. Funding continues for the advanced technology work supporting concept evaluation and design for the Army's heavy force modernization program. Development will be completed on the Block II modification package for the M-1 Abrams tank and funding is provided to continue development on the LHX scout helicopter. Naval programs such as the SSN-21 Submarine Combat System and the ASW Fixed Distribution System are funded. The Air Force R&D will continue programs such as JSTARS, Medium Launch Vehicles, and the Short Range Attack Missile. In addition, the budget provides \$158 million for the DOD share of continuing efforts on the National Aerospace plane.

Military construction.—The fiscal year 1991 Military Construction program funds the minimum amount considered essential to support new weapon systems being deployed, to accomplish new or changed missions, and to provide adequate working conditions for our personnel and quality-of-life support for them and their families. Major programs supported include: Peacekeeper-Rail Garrison; Large Rocket Test Facility; Titan IV Launch Pad; B-2 bomber; and Trident IID. European construction is maintained at approximately the same level as fiscal year 1990. The Department is reviewing its Military Construction program carefully in light of expected force reductions.

Family housing.—The fiscal year 1991 Family Housing program continues to demonstrate the Department's commitment to improving the living conditions of military personnel and their families. The request includes plans to construct or acquire 1,249 new housing units, to improve over 10,600 existing units, and to plan and design future projects.

BASE CLOSURE

The fiscal year 1991 request includes \$917 million, an increase of \$416 million over fiscal year 1990, to defray the implementation costs associated with the recommendations and schedule of the Commission on Base Realignment and Closures and codified in the Base Closures and Realignment Act. Over the fiscal year 1990-95 time frame, the net savings due to base closures are estimated at \$1.2 billion. This consists of one-time implementation costs of \$3.4 billion, which are offset by \$4.6 billion of cost avoidances, savings, and revenues from anticipated land sales. After fiscal year 1995, annual savings are estimated to be \$700 million.

In addition, the Military Departments were requested to select other facility candidates for closure and realignment, which would reduce and relocate functions and personnel positions. The list of candidates, including both domestic and foreign bases, has been provided to the Congress. Secretary Cheney also has submitted to the Congress the Administration's proposed Defense Base Consolidation Act to facilitate efficient reductions in the size of the military base infrastructure.

DEFENSE MANAGEMENT REPORT

The cornerstone of a high quality, more efficient defense program will be the Defense Management Report (DMR) and the costs savings initiatives it contains. The Report's major thrust is to act on problems, not restudy them. It stresses integrity, long-range planning, better communications DOD-wide, strict accountability of managers for results, teamwork, and innovation. The Report sets targets for management improvement, accompanied by substantial dollar savings. The first major installment of this effort is reflected in actions taken to reduce management costs in the fiscal year 1991 budget. We have identified initiatives that will save about \$2.3 billion in fiscal year 1991 and reduce civilian employment by approximately 7,800 and also cut military strength by about 8,600. Over a 5-year period, we think the cumulative savings resulting from all these initiatives will be close to \$39 billion, with corresponding reductions of 18,300 civilians and 24,600 military. (Chart 16)

Major savings will be made in the following areas:

Logistics.—The efficiency and effectiveness in the way we buy and manage our supplies will be improved by better controlling the costs of supplies, repairable items, clothing, and the cost of transportation. Funding the operational costs of material management will be moved to the Stock Funds to allow greater visibility of the actual cost of operation and allow managers greater flexibility in making decisions. Policies regarding multiyear contracting, storage location, and clothing and textiles inventory management will be changed to improve the way we buy and manage. Also, the Military Departments are planning to restructure their logistical commands and depots, thereby making substantial savings in personnel and operating costs.

Administration.—Streamlining headquarters operations and other related efficiencies will lead to reductions in staff augmentation. The Departments will cut back on headquarters staffs, reduce travel, and streamline overhead functions at various activities. Defense Agencies and the Office of the Secretary of Defense will also streamline their operations.

Management information systems.—We have made a strong commitment to improve the way we collect, use, and manage information that supports our business operations. Improvements will be made in the standardization, quality, and consistency of data from multiple management information systems. In addition, we are committed to adopting single systems in each major functional management area. Although the savings are small in the first year due to the need for initial investment, we believe the Department can save over \$4.3 billion in the long-term through reducing ADP development costs and by eliminating multiple development efforts aimed at satisfying the same or similar requirements.

Finance, procurement, and contract management.—We also plan to improve our financial operations, procurement, and contract administration. The major savings in fiscal year 1991 will result from a reduction in the use of consultants, outside advisors, and other contractually-arranged assistance. But of equal significance for future operations will be the establishment of consolidated contract management and the development of stronger controls over government-owned material furnished to contractors. Also, the Navy will begin aggregating ship procurements into larger yearly lots, without increasing the total planned buy, in order to gain economies of scale in procurement of materials.

Consolidations.—We have directed reviews of a number of DOD functions in order to develop plans for potential consolidations or other management efficiencies. These functions include supply depots, inventory control points, maintenance depots, accounting and finance centers, ADP design and operations centers, and R&D labs and test facilities.

The Department is also pursuing aggressively a variety of other initiatives independent of budget issues.

Enhancing weapon system program performance.—We are creating a dedicated corps of acquisition specialists in each of the Military Departments. We also are pushing authority and responsibility down a significantly streamlined program management chain to increase discipline in the acquisition system. This will increase accountability of program managers and produce a simplified acquisition

system that is run by well-trained, dedicated professionals who are able to do their job with a minimum of bureaucratic interference.

Reinvigorating the planning and budgeting process.—We are performing continuous systematic reviews of fundamental issues in our planning and budgeting process within the context of dynamic global affairs. In this way our comprehensive strategy and cohesive defense program can be more responsive to significant changes in the international security environment.

Improving observance of ethical standards in government and industry.—We are developing an ethics program, including education and training, for DOD employees to improve their understanding and observance of ethical standards. We are also encouraging defense contractors to strengthen their programs to create an environment where ethical standards are well understood, broadly observed, and vigorously endorsed.

Strengthening the defense industrial base.—We will work diligently to ensure the viability and longevity of the knowledge and skills needed to maintain a strong industrial base with companies that are on the cutting edge of new technologies. To some degree the erosion in the defense industrial base has been accelerated by DOD practices, and we intend to reverse that by restoring a proper risk-reward balance to defense contracting. For example, we are reviewing policies on profitability and progress payments to offer contractors a more equitable return on their investment. We are also eliminating fixed price, cost sharing contracts in the development phase of programs. In addition, we will be seeking more multi-year procurements and we are developing contracting strategies that will promote relationships with our best performing suppliers by rewarding actual performance.

Reducing micromanagement.—We are working on reducing the self-imposed burden of directives and regulations. We can do much by ourselves, but could do much more with the help of the Congress. Therefore, we are pursuing a set of legislative proposals to foster the goals of the Defense Management Report. The recommended changes will enable the Department to take a number of broad ranging actions which will produce economies and efficiencies in many functional areas. In addition, we are recommending that the Congress review the entire statutory framework governing defense acquisition management. Cooperation between the executive and legislative branches will be essential to making long-term improvements in the efficiency of the Department.

During the coming year we will be looking for other areas to improve management, and we fully expect that the principles embodied in the DMR will enable us to develop additional savings next year, and in subsequent years.

CONCLUSION

The promising security developments in Eastern Europe now make it prudent for America to begin to reshape its military posture. However, we must maintain strong military capabilities—there can't be a free fall in defense spending. Scaling down our military structure is a difficult task that must be accomplished with great care, if we are to keep the highly-qualified and well-trained people we all have worked so hard to attract to military service. We must gear our defense adjustments to actual changes in the threats facing us. We must avoid unilateral reductions in our force structure, and, instead, negotiate sound agreements that require mutual reductions. Finally, we must promote management improvement initiatives that advance efficient and effective defense programs. Secretary Cheney and I stand ready to work with the Congress to meet the security challenges facing us today and in the future.

CHART 1

**FY 1991 DoD BUDGET
BUDGET AUTHORITY
(\$ in Billions)**

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>Cum 90-94</u>
April 1989 Plan *	295.6	317.5	332.4	351.0	369.4	1,665.9
(0,1,1,2,2% Real Growth)						
Reduction	-4.2	-22.4	-32.4	-46.6	-61.4	-167.0
January 1990 Plan	291.4	295.1	300.0	304.4	308.0	1,498.9
(-2% Real Growth)						

* Adjusted for final economic assumptions

CHART 2

DOD BUDGET AUTHORITY

(Dollars in Billions)

FISCAL YEAR	ACTUAL/PLANNED		REAL GROWTH	
	CURRENT \$	FY 1985 \$	ANNUAL	CUMULATIVE
1985	287	287	-	-
1986	281	274	-4.4%	-4.4%
1987	279	263	-3.8%	-8.1%
1988	284	258	-2.1%	-10.0%
1989	291	255	-1.3%	-11.2%
1990	291	247	-2.7%	-13.6%
1991	295	241	-2.6%	-15.9%
1992	300	236	-2.0%	-17.6%
1993	304	232	-2.0%	-19.2%
1994	308	227	-2.0%	-20.8%
1995	312	223	-2.0%	-22.4%

CHART 3

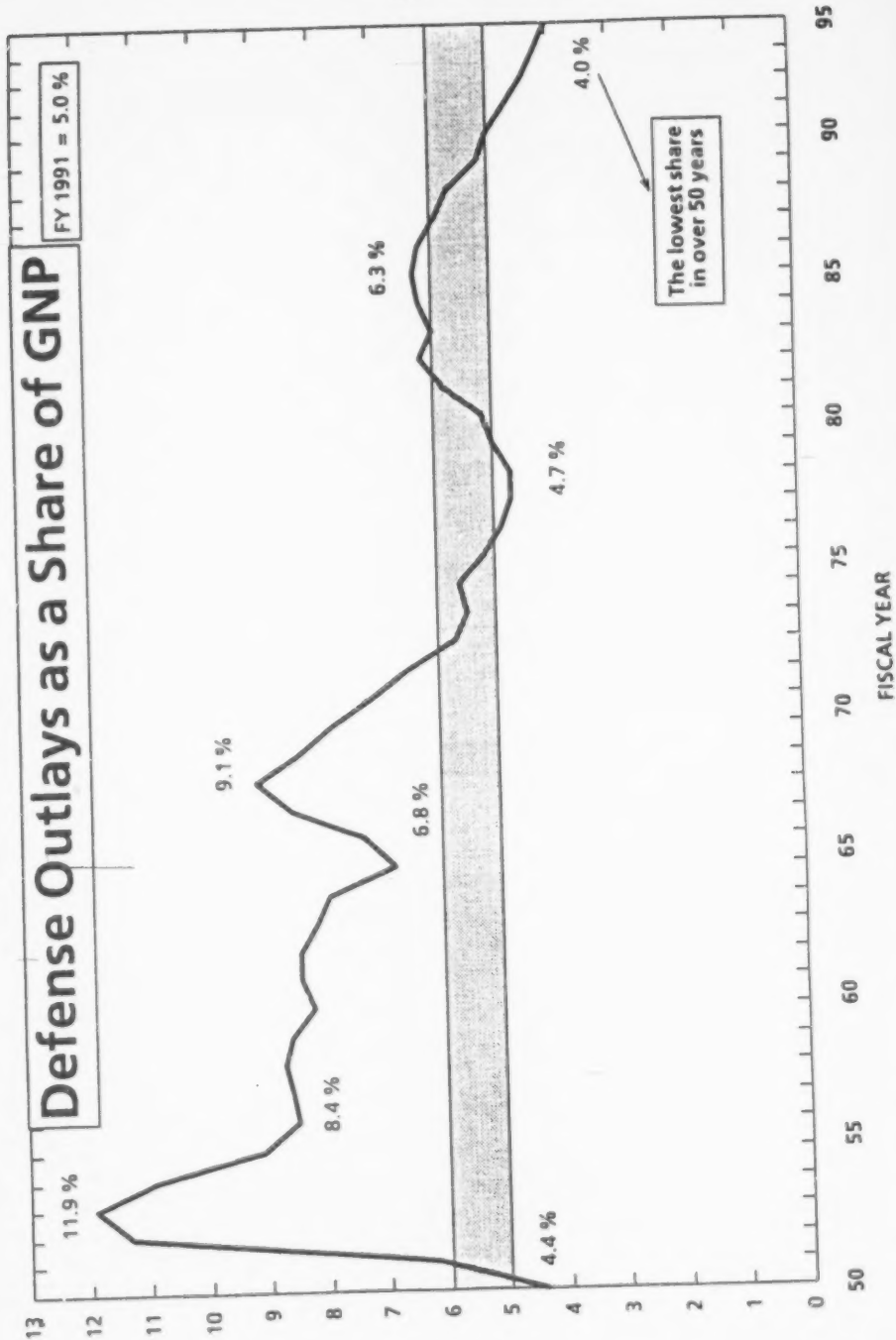


CHART 4

Defense as a Share of Federal Outlays

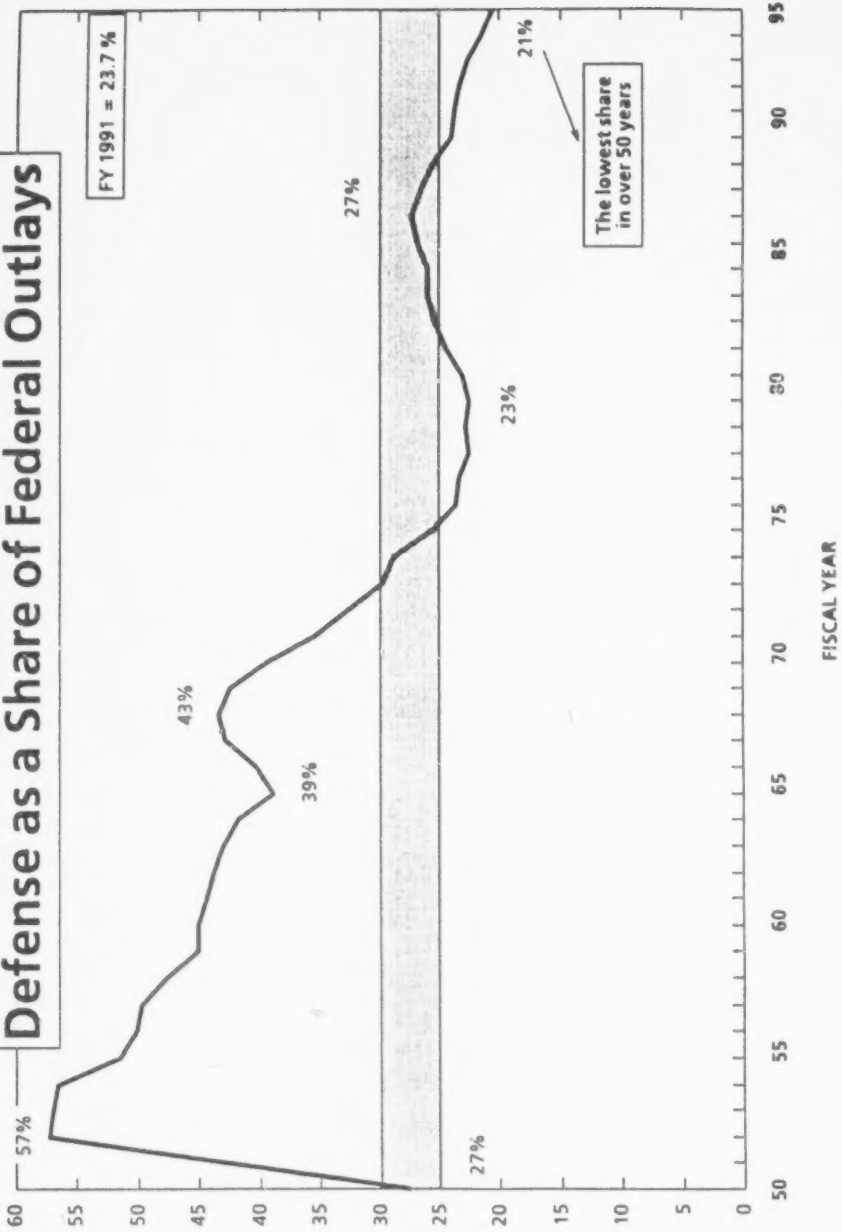


CHART 5

DOD BUDGET AUTHORITY (Dollars in Billions)

FISCAL YEAR	0 % REAL GROWTH	ACTUAL / PLANNED	ANNUAL DELTA	CUM DELTA
1985	287	287	0	0
1986	295	281	-13	-13
1987	304	279	-25	-38
1988	315	284	-32	-69
1989	328	291	-37	-106
1990	337	291	-46	-152
1991	351	295	-56	-208

FY 85-91 Total = -208

PROJECTION

1992	364	300	-64	-272
1993	377	304	-72	-344
1994	389	308	-81	-425
1995	402	312	-90	-515

FY 92-95 Total = -307

FY 85-95 Total = -515

CHART 6

DEFENSE PRIORITIES

- **PERSONNEL/QUALITY OF THE FORCE**
- **READINESS**
- **STRATEGIC MODERNIZATION**
- **MARITIME SUPERIORITY**
- **EFFICIENT PRODUCTION RATES**
- **MAINTAIN TECHNOLOGY BASE**

CHART 7

FY 1991 DoD BUDGET CHRONOLOGY
BUDGET AUTHORITY
(\$ in Billions)

APRIL 1989 REQUEST
REVISED INFLATION

311.0

+ 6.5

²⁷

ADJUSTED APRIL 1989 BUDGET
REDUCTION TO MEET REVISED LEVEL

317.5

-22.4

JANUARY 1990 REQUEST

295.1

CHART 8

FY 1991 DoD BUDGET
MANPOWER
 (End Strength In Thousands)

	<u>FY 1989</u>	<u>Delta</u>	<u>FY 1990</u>	<u>Delta</u>	<u>FY 1991</u>	<u>CUM DELTA</u> <u>1989-1991</u>
<u>ACTIVE MILITARY</u>						
ARMY	770	-26	744	-17	728	-42
NAVY	593	-2	591	-6	585	-8
MARINE CORPS	197	-	197	-	197	-
AIR FORCE	<u>571</u>	<u>-26</u>	<u>545</u>	<u>-15</u>	<u>530</u>	<u>-41</u>
TOTAL ACTIVE	2,130	-54	2,076	-38	2,039	-91
<u>SELECTED RESERVES</u>	1,171	-16	1,155	-3	1,152	-19
<u>CIVILIANS</u>	1,117	-16	1,101	-5	1,096	-21

CHART 9

FORCE STRUCTURE CHANGES IN THE FY 1991 BUDGET (Dollars in Millions)

	<u>FY 1991</u>	<u>FY 1992-1994</u>
Deactivate Two Army Divisions	-1,227	-4,940
Retire Two Battleships	-75	-534
Retire Two Nuclear Cruisers	+ 9	+ 99
Deactivate 8 SSNs	-232	-105
Marine Corps Artillery Batteries	-5	-44
Deactivate 14 B-52s	-71	-246
Minuteman II	-128	TBD
WC-130 Weather Reconnaissance	+ 5	-
TOTAL	-1,724	-5,770

CHART 10

PROGRAMS TERMINATED IN THE FY 1991 BUDGET

(\$ in Millions)	
SYSTEM	FY 1991
V-22 OSPREY	(-1,395) *
F-14D Aircraft	(-469) *
Army Helicopter Improvement Program (AHIP)	(-328) *
PHOENIX Missile	(-333) *
M-88A2 Improved Recovery Vehicle	(-90) *
F-15E Aircraft	(+ 303) *
Apache Helicopter	-682
M-1 Tank	-1,086
Maverick Missile	-367
Air Force Airborne Self Protection Jammer	-264
Combined Effects Munition	-142
SEA LANCE ASW Standoff Weapon	-156
Non-Line-of-Sight Missile	-131
Advanced Short Range Air-to-Air Missile	-7
Follow on to F-4G Wild Weasel	-12
Air Base Survivability	-19
Chaparral Missile	-26
MK 19 Grenade Launcher	-20
OV-1D Aircraft Mod Program	-37
Autonomous Precision Guided Munition	-27
TOTAL	-2,976
	-28,267

* Terminated in FY 1990 Budget.

CHART 11

DEFERRALS IN FY 1991 BUDGET

(\$ in Millions)

<u>SYSTEM</u>	<u>AMOUNT</u>
OV-1D Aircraft Mods	-16
M483 155 mm Artillery Projectile	-90
HARM Missile	-69
Fast Sealift Ships	-592
MH-60G Helicopter	-151
F-4G Wild Weasel	-31
Combined Effects Munition	-70
Minuteman II Mods	-76
National Guard & Reserve Equipment	-41
Military Construction Projects	-91
Other Programs	-132
Icebreaker	-325
RDX Facility from FY 1988 & FY 1989	-310
V-22 Advance Procurement from FY 1989	-200
TOTAL	-2,194

CHART 12

FY 1991 STRATEGIC FORCES

<u>SYSTEM</u>	<u>QUANTITY</u>	<u>DOLLARS</u>
B-2A Bomber	5	5,536
Strategic Defense Initiative	-	4,471
TRIDENT Submarine	1	1,453
TRIDENT II Missile	52	1,746
PEACEKEEPER/Rail Garrison	12	2,836
Small ICBM	-	202

CHART 13

FY 1991 LAND FORCES

<u>SYSTEM</u>	<u>QUANTITY</u>	<u>DOLLARS</u>
UH-60 helicopters	72	469
Abrams M-1 tanks	225	838 *
Bradley Fighting Vehicles	600	695
Patriot Missile	817	909
Air Defense-Heavy System	220	272
STINGER Missile	6,922	252
TOW-2	13,946	272
Multiple Launch Rocket System	24,000	389

* Financed by transfers from prior years.

CHART 14

FY 1991 NAVAL FORCES

<u>SYSTEM</u>	<u>QUANTITY</u>	<u>DOLLARS</u>
SSN-21 Seawolf Attack Submarines	2	3,669
DDG-51 AEGIS Destroyers	5	3,681
LHD-1 Amphibious Ship	1	971
LSD-41 Cargo Variant	1	240
MHC Coastal Minehunter	3	281
AGOR Oceanographic Research Ships	1	48
AOE Multiproduct Ship	1	416

CHART 15

FY 1991 TACTICAL AIR FORCES

<u>SYSTEM</u>	<u>QUANTITY</u>	<u>DOLLARS</u>
F-15E Fighter Aircraft	36	1,845 *
F-16D Fighter Aircraft	150	2,973
F/A-18 Fighter Aircraft	66	2,123
AV-8B Attack Aircraft	24	566
E-2C Surveillance Aircraft	6	449
Remanufacture F-14D Fighter Aircraft	12	1,118
Remanufacture EA-6B Aircraft	3	374

* Partially financed by transfers from prior years (\$499 million).

CHART 16

DMR SAVINGS IN THE FY 1991 DoD BUDGET

(Dollars in Millions)

<u>CATEGORY</u>	<u>FY 1991</u>	<u>TOTAL FY 1991-1995</u>
Logistics/Acquisition	1,450	21,000
Administration	300	3,700
Civilian Substitution	20	500
Automated Support & Information Systems	30	4,300
Finance, Procurement & Contract Management	200	3,900
Consolidation Studies	300	5,600
TOTAL SAVINGS	2,300	39,000
<u>MANPOWER</u>		
Civilians	7,800	18,300
Military	8,600	24,600

DEFERRALS

Senator INOUE. Thank you very much, Mr. Secretary.

In my opening statement I suggested that comity and cooperation should play an important role in the budget process; therefore, I find it quite disturbing in looking over the almost \$2.2 billion worth of deferrals.

Could you tell us where you found this authority to make such deferrals; for example, in the Mississippi ammo plant and the sea-lift ships?

Mr. ATWOOD. These deferrals all came about as a result of a change in requirements as we viewed them. In the case of the ice-breaker, for instance, or the V-22 long lead procurement, these were deferrals which are set asides, but we are not proposing to spend them on anything else, pending the outcome of the studies going on, in particular on the V-22. This was a deferral of money that was being spent on long lead procurement items, long lead procurement items which could have been wasted depending upon the results of the flight test program or the results of the analysis ongoing.

It could be that we would be spending money on long lead procurement items no longer needed. On the other hand, there was no attempt to do anything except defer them pending the decisions that would be coming on those items.

On the remainder of them, about \$1.4 billion, these were changes in requirements which we submitted to the Congress, and all of those are in your hands now. They are submitted as part of our budget submission for 1991.

Senator INOUE. I find the logic of changes in requirements in view of changes in the Soviet Union and Eastern Europe to be a rather dangerous one that we also can use to do away with the other programs, SDI and B-2 and such. I am certain that many Members of Congress are looking at this logic.

I have been advised that the GAO will very likely issue a report on deferrals sometime today or, at the latest, tomorrow. I have no idea what the recommendation will be, but if the GAO report says that the deferrals are improper and illegal, are you prepared to release these funds immediately?

Mr. ATWOOD. We are prepared to take a look at whatever the GAO finding is. I have not heard any advance thoughts as to what its results might be.

As I am sure you know, we did seek the opinion of our General Counsel before we submitted them, and it was his opinion that this was the proper procedure to follow. If per chance the GAO should agree, then we have no problem. If the GAO should disagree, then we will have to take a look at that and the rationale for the disagreement with our General Counsel.

Other than that, I am not prepared to speculate.

IMPACT OF OUTLAY REDUCTIONS

Senator INOUE. As I also stated in my opening remark, I quoted the chairman of the House Budget Committee in which he stated that his committee is seriously considering reducing DOD budget

by \$10 billion in outlays. It also appears that the Senate Budget Committee is also considering this type of reduction.

Our view is that a \$10 billion reduction in outlays would wreak havoc on readiness and personnel accounts because, contrary to expectations of many, we find the termination of major weapons systems such as the B-2, C-17, the D-5, the mobile MX missile simply would not save much in terms of outlays.

In point of fact, our analysis shows that terminating procurement of the B-2 bomber, the C-17 transport, the rail mobile MX, the SSN-21, the TRIDENT D-5's and the Aegis destroyers, while reducing budget authority by \$19 billion, would save only \$900 million in outlays.

Is this assessment on the part of the committee staff correct?

Mr. ATWOOD. I cannot give you an exact answer as to whether outlays would fall by \$900 million if we should cancel about \$19 billion of budget authority for the systems you mention. On the other hand, I can tell you it is not far off.

Senator INOUE. I think it is \$19 billion in authority.

Mr. ATWOOD. It is probably not far off because you have taken programs in which we will be giving authority for expenditures in the outyears, but any such reduction of \$10 billion in outlays for 1991 would indeed be a very serious attack on readiness. We would have to drop OPTEMPO items. It is where we are spending the money in our people programs and in the training and readiness. So \$10 billion would have a very serious impact in 1991.

Senator INOUE. Could Mr. Sean O'Keefe give us an assessment on our analysis?

Mr. O'KEEFE. In terms of the calculations, that is about right.

Senator INOUE. So our assessment is correct?

Mr. O'KEEFE. Yes, sir.

Senator INOUE. Now what would you have to do to reduce another \$9 billion in outlays?

Senator BUMPERS. Mr. Chairman, before he answers, will you yield? Are you talking about savings in outlays for 1991?

Senator INOUE. Yes.

Mr. ATWOOD. I think what Sean O'Keefe is saying is that the answer I gave before is correct, that it would have to come in the people programs and training, OPTEMPO, the cost of ammunition, the cost of maintenance and construction. These are where we are spending the dollars as opposed to commitments that we would be making in these major weapons systems. They would be a reduction in budget authority but not in budget outlay.

MAJOR AIRCRAFT REVIEW

Senator INOUE. Mr. Secretary, you are currently conducting a review of four aircraft programs: the B-2 bomber, the C-17, the ATA, and the ATF fighters. Can you tell us the goal for this review? Is it to bring about cuts in production or terminations?

Mr. ATWOOD. There are other reviews that are about to be initiated in other major weapons programs. The whole purpose behind those reviews comes about because of the changing environment that we are looking into. As of this moment, we do not have a CFE agreement, and we do not have a START agreement, albeit that we

are well on the way to negotiating these and hopefully by the end of this year could in fact have such agreements.

The big thrust behind these weapons systems reviews is to determine in view of the changing environment, have the requirements changed, has the need for these weapons changed as we see it looking into the future. If, indeed, they have or they have not, to revalidate the basic need for the weapons.

Do we indeed need a B-2 in view of everything in order to maintain the strategic deterrence capability? Do we need the ATF or the ATA to give the capability that we need in both the Air Force and the Navy and the C-17 in view of the changing warning times and the changing of the lift capacity? Do we have the same requirements that we had when they were undertaken, or, if we have, do we have the need for the same number of vehicles, the same number in the same timeframe that we need them?

So the whole purpose is to analyze from a zero base analysis the need for how many you need and over what time period you need these major weapons procurements. It is, however, always driven by the changing environment that we are looking into.

Senator INOUE. I have many other questions, but I will ask one more before I call upon my colleagues.

You just spoke of the requirements, the changing requirements, the program requirements for the C-17 and the ATF dependent upon conventional war in Europe. We have already spoken about the reduction of this threat among the Warsaw Pact nations and the Soviet Union itself.

If that is the case, is there still a need to build a C-17 and the ATF?

Mr. ATWOOD. Let me say this. If we look at our airlift capability in terms of the existing aircraft today, the C-5, the C-141, the C-130's, there is no question in my mind that the useful life of those aircraft is limited, so that at some date we need a new cargo airplane of the type that we envision today as the C-17. It may be that the timeframe that we are building the C-17 for, the quantities that we are building, and the requirements that it has on it may change because of this environment.

There will be no question that at some point in time we need the C-17. The question is, Can we afford it? I can go through this very same thing for the ATF or the ATA, as a matter of fact, and that is exactly the purpose of these studies. I would not preempt a decision that would say we do not need it today. I can make a good case based upon what I know that there is a need for all of them. The whole question is one of timing, and it is one of what quantities, but I will let the study show that one way or another.

Senator INOUE. I have been advised by the vice chairman of this committee, Senator Stevens, that he wishes to yield to the others who have been here before him.

Senator Specter.

V-22 OSPREY

Senator SPECTER. Thank you very much, Mr. Chairman.

Mr. Secretary, I would like to pick up on a theme developed by the chairman with respect to the Department's response to the con-

gressional direction, the congressional bill language as it relates specifically to the V-22 Osprey. In both the 1990 defense authorization and appropriations bills, the Congress, in effect, put the future of the V-22 into the hands of a study to be conducted by the Institute for Defense Analyses, and that directed the roles and missions of the V-22 including special operations forces and counternarcotics applications as well as cost-benefit comparison of a V-22 versus the proposed use of the CH-53 and the UH-60 helicopters.

The Department has subsequently terminated and deobligated all prior year advance procurement funds and has steadfastly maintained the position that the V-22 is dead. Before coming to the substantive merits of the V-22, I would like to ask you how you justified that position on the part of the executive branch in the face of specific congressional direction on legislation report language which is signed by the President?

Mr. Arwood. Let me alter just a bit, if I may, your premise. I do not think that we have said, or least I have not said, that the V-22 is dead. The V-22 continues. The flight test program is continuing, and the study and analysis done by the Institute for the Defense Analyses is ongoing. The only steps that we have taken are to eliminate the procurement of long lead production items.

To me, that is a prudent step to take to ensure that we preserve the money and do not go ahead and spend that on items that even if production goes ahead may be on the wrong items. The money is held in reserve, deferred. It is not recommended that we spend it on anything else in case the analysis from the Institute for Defense Analyses and the flight test and Congress and ourselves determine that the program should go forward. So we have not killed the program as such.

Senator SPECTER. You have three "ands" in there, Mr. Secretary, the Institute study, the Congress, and the Department.

The report says so far as the Congress is concerned, and the President has signed the legislation, that the V-22 ought to be maintained if the study by the Institute for Defense Analyses supports it. Now are you saying that the Department of Defense will abide by the results of the Institute of Defense Analyses?

Mr. Arwood. I am saying that the Institute for Defense Analysis provides one input. Also, the amount of money we have available—I do not want anyone to think for a moment that we have recommended termination of the V-22 because it was a bad program or because there was no need for it. It was recommended for termination because of the availability of resources. When you make available a lot fewer resources, which is the situation we faced a year ago and the situation even more that we are facing today, then of course you should drop off those that are the least critical.

Senator SPECTER. Well, Mr. Secretary, the decision on resources is a relative thing, and the Congress has a view. We have made our decision. Again, I come back to the report on the bill being signed by the President. We are really talking about two things. You have joined the merits of the V-22 program in your response.

I would emphasize what Senator Inouye, the chairman, has emphasized, that if there is a congressional direction, it seems to me even beyond the matter of comity and working together that it becomes the law. I know we can get into a lot of discussions. We talk

about the deferrals, and you have your legal opinion, and GAO comes out with one conclusion. We are not going to go to court anywhere. There are too many lawyers around here to do that.

There is a lot of support. Senator Stevens, I think, put it most bluntly when he said last year he would not vote for a bill that excluded the V-22. I am perhaps slightly encouraged by what you said, that the V-22 is still alive, if not alive and well.

Senator INOUE. Would the Senator yield?

Senator SPECTER. I would.

Senator INOUE. At this point I am reminded that many, many years ago Andrew Jackson is reported to have said the Congress passed the law, let the Congress enforce it. I hope that is not the attitude of the Department, because if we are forced to enforce the law no one wins.

Mr. ARWOOD. I would hope that that is not the attitude of the Department of Defense, and I can assure you it is not our attitude. I believe that we followed what Congress asked us to do, and that was to fund the continuing R&D and flight test program on the V-22 and that, in fact, we have and are conducting this study with the Institute for Defense Analysis, and those were the two actions that were passed into law, if I am not mistaken. We are not asking that we do anything different from that.

Senator SPECTER. I have one other subject I would like to pursue briefly. Many of my colleagues are waiting, so I will conclude my comments on the V-22 Osprey at this point. Mr. Secretary, by observing the congressional direction, I would say this more than reflects the very strong support that exists in the Congress for the V-22.

We understand the allocation of funds is a matter of priorities and judgment, but I would just like to emphasize what I have sensed in the Congress, not only in this committee, but on the floor of the Senate and in conference last year with the House.

Mr. Chairman, I would like to include in the record three very good articles about the Osprey since we have last convened and request that you or your staff review them. Mr. Secretary, they are: One from the Washington Post on October 19, 1989, "Let the Osprey Fly"; one from the Baltimore Sun on November 7, 1989, "Penny Pinchers Declare Open Season on the Osprey"; and a third from the New York Times on January 28, 1990, "The Tilt Rotor, Wall Street to Capitol Hill in 45 Minutes."

Senator INOUE. Without objection, they will be made a part of the record.

[The information follows:]

(Washington Post, Thursday, Oct. 19, 1989)

Let the Osprey Fly

More than a quarter of a century has passed since Robert McNamara introduced cost/benefit and systems analysis to a skeptical Pentagon. Since then, the quantitative approach to weapons program evaluation has become the Defense Department's norm. Nearly all new weapons systems are now justified in terms of what is claimed to be rigorous analysis.

A key element of such analysis has been the presumption of certainty regarding real-world conditions in which the weapons in question might be employed. For example, if one assumed a fixed period in which troops must be moved to Europe before a war ("warning time," in the Pentagon's parlance) one could then employ hard quantitative analysis to choose among competing ways to move the troops within the time required. But if one were not certain of the length of warning time nor, indeed, certain as to where the war might take place, the so-called "measures of effectiveness" that determine the benefits that competing systems offer could not long be defined in precise terms.

For years the Pentagon has attempted to sidestep the analytical dilemma posed by unpredictable scenarios. Systems analysts have postulated a highly stylized sequence of events calling for a Warsaw Pact invasion of Western Europe after NATO had but 10 days in which to prepare its defenses. The benefit of various land and tactical air programs was measured on the basis of their ability to meet requirements generated by this scenario.

Maritime forces were another matter, however. The Navy and Marine Corps have constantly been called upon to intervene in a host of contingencies whose occurrence had not been forecast. In turn, these services have stressed the importance of multipurpose units whose utility would be valuable whatever the contingency. Pentagon programmers, particularly in the Office of the Secretary of Defense, bitterly opposed many maritime programs in no small part because they did not lend themselves to quantitative analysis. As a result, the past 30 years of U.S. military development have witnessed countless battles between OSD and the Navy Department over aircraft carriers, amphibious ships and various fighter planes. In each case, the OSD staff cited high costs and uncertain benefits and preferred other systems.

The long-standing mind-set of Pentagon programmers has led to their opposition to the Marine Corps' V-22 Osprey program virtually since its inception. Osprey is a hybrid fixed-wing aircraft and helicopter. It offers the Marines unusual flexibility in moving troops from ship to shore. It is an innovative response to the dilemma posed by unforeseen demands for military operations, in scenarios where precise measurement of benefits is impossible. But it is extremely costly. It fails the test of precise cost/effectiveness measurement, because its effectiveness does not lend itself to measurement.

Not surprisingly, elements within the Office of the Secretary of Defense have disapproved of Osprey since its inception. After failing to persuade two previous secretaries of Defense to kill the Osprey, these critics were able to win over Dick Cheney. The Department of Defense has therefore asked Congress to cancel the Osprey. The House Appropriations subcommittee on defense has resisted the Department of Defense's request and funded procurement of the plane. The Senate subcommittee has only funded continued Osprey research and development, an approach that still makes the Osprey's future highly uncertain.

Senate appropriators should ask themselves whether they wish to be aligned with those who will always opt for the familiar and measurable against the revolutionary and unquantifiable. The international climate is changing radically, to the consternation of McNamara's legatees. To be sure, Osprey makes less sense in the Pentagon's favorite NATO/Warsaw Pact scenario. But this vision of the world is losing credibility daily. The Soviets have announced unilateral force cuts in Europe, President Bush has set a one-year timetable for an agreement for mutual withdrawal of forces from Europe and the Warsaw Pact allies seem more intent on feuding among themselves than on mounting a threat to NATO. At the same time, the United States finds itself involved in an unanticipated conflict, a drug war that threatens to consume ever greater defense resources for programs whose effectiveness cannot be measured in the old, conventional ways. Moreover, the potential for military intervention outside Europe has not receded, and the demands for

flexibility—to deal with whatever contingency might arise—are likely to grow. The systems analysts have problems. The world is passing them by.

Many senators have continually asserted that there must be a match between resources and strategy and that our strategy must be forward-looking rather than leading us to prepare to fight yesterday's war tomorrow. The Osprey is one of the first opportuni-

ties for Congress to make a statement—in concrete terms—about the importance of supporting programs that are relevant to a strategy that accounts for the current flux in the international climate. If the senators believe their own assertions, they can act on them by yielding to their House counterparts so that the Osprey will support the Marines in battles that no one can predict but are certain to materialize.

(The Sun, Baltimore, MD, Tuesday, Nov. 7, 1989)

Penny-Pinchers Declare Open Season on the Osprey

Alexandria, Virginia.

THE V-22 OSPREY, an aircraft that can fly like a regular fixed wing plane but land and take off like a helicopter, risks becoming a monument to national short-sightedness. Secretary of Defense Dick Cheney axed the entire

By Jeffrey Record

V-22 program from his fiscal year 1990 budget; and the Senate, though it subsequently restored money for continued research and development, has withheld funds for production.

There is one argument against the V-22: money. The tilt-rotor aircraft, 552 of which were planned for the Marine Corps, with 50 more for the Navy and 55 for the Air Force, has an estimated price tag of about \$34 million a copy, which translates into a total program cost of about \$23 billion. This makes the V-22 far more expensive than the helicopters it is designed to replace.

The real issue, however, is not what the V-22 costs, but what it offers our national defense. Consider the following: the V-22 can fly twice as fast, three times as far, and carry double the payload of the CH-53 and CH-60 helicopters on which the Marine Corps would continue to rely in the absence of the V-22.

This means that a V-22 force only 60 percent the size of the present number of CH-53s and CH-60s could do the same job. This in turn means fewer crews and maintenance personnel, and therefore reduced manpower costs at a time when all the services are facing critical shortages in skilled personnel.

The superior speed of the V-22 also makes it more survivable than helicopters, and the V-22's great advantage in speed, range and payload will permit the Marine Corps to extend the reach of its ship to shore assault capabilities to deep inland targets heretofore off limits.

Had the V-22 been available for the ill-fated U.S. hostage-rescue mission in Iran in 1980 (rather than the trouble-prone CH-53 helicopters actually used), there would have been no need for a five-hour refueling stop in the middle of Iran at the "Desert One" site, where the operation came to grief. Moreover, a hostage-rescue mission that, had it succeeded, would have involved a U.S. military presence inside Iran for 35 hours, could have completed in 8 hours using V-22s.

Both the commandant of the Marine Corps and the commander-in-chief of U.S. special-operations forces, men who represent precisely the kinds of Third World expeditionary forces best tailored to meet the most likely future threats to American security interests abroad, have declared the V-22 to be their top procurement priority.

But the V-22's attractiveness is not limited to its potentially revolutionary implications for amphibious assault and special warfare operations. It is far superior to any helicopter for the missions of search and rescue and antisubmarine warfare, and would be a handlinger for interception of air- and sea-borne drug traffic. Indeed, back in 1985, the Defense Department's Director for Program Analysis and Evaluation identified no fewer than 26 potential missions for the V-22, including mine warfare, reconnaissance, electronic warfare, tactical transport, medical evacuation and forward air control.

An especially attractive feature of the V-22, though it has received little attention in the debate over the plane's fate, is that it can deploy itself overseas. The helicopter's restricted range carries with it penalties not only on the battlefield but also in getting to the battlefield.

Helicopters slated for overseas wartime contingencies, such as the more than 400 assigned to the Army's Kentucky-based 101st Air Assault Division, have a huge hidden cost in the form of ships and strategic air transports required to move them across intercontinental distances. The already overtaxed U.S. Military Airlift Command, however, will not be burdened by the V-22, which has both aerial refueling capability and an unrefueled "ferry" range of 2,100 nautical miles. This means that the V-22 can self-deploy to almost any place in the world.

Another virtue of the V-22 is its ability to operate independently of long, immovable, concrete runways whose wartime vulnerability to destruction or disruption is increasing, and whose overseas peacetime political availability to the United States is decreasing.

It is no coincidence that the Marine Corps pioneered the combat employment of the helicopter, that it subsequently invested heavily in the vertical/short-takeoff-and-landing (V-STOL) AV-8B Harrier fighter plane, and that today it wants the V-22. Marine Corps doctrine, unlike

Air Force thinking, does not presume the uninterrupted availability in foreign lands of the kinds of large and easily targeted air bases on which the Air Force has deployed so much of its air power overseas.

Indeed, given the mounting vulnerability of such bases to air- and missile-delivered attacks, Marine Corps aviation, with its heavy investment in runway-independent aircraft, may already be pointing in the right direction for the rest of the U.S. tactical air power to follow. Helicopters, Harriers and Ospreys, all of which can be flushed quickly to small, austere, dispersed sites, constitute insurance against the kind of air power disasters that befell France in 1940, the Soviet Union in 1941 and Egypt in 1967.

The V-22 is, to be sure, an expensive airplane, although it is far from clear that the total cost of buying and operating a V-22 force would exceed the alternative of buying and operating the equivalent lift capability in the form of additional CH-53 and CH-60 helicopters. (The Marine Corps claims that the V-22 force would be significantly cheaper.)

The V-22 is a leap in aviation technology that combines the advantages of helicopters with those of traditional fixed-wing aircraft in an emerging geostrategic environment that places a premium on exactly such a combination.

Mr. Record a fellow at the Hudson Institute, comments on military affairs for The Sun.

(The New York Times, New York City, NY, Sunday, Jan. 28, 1990)

The Tilt-Rotor: Wall Street to Capitol Hill in 45 Minutes?

By ERIC WEINER

AMONG the military hardware vulnerable to Congressional budget cuts this year is a peculiar hybrid aircraft called the V-22 Osprey that is part helicopter and part airplane. It is powered by large rotor blades on each wing tip. When the blades are pitched up for takeoff or landing, it flies like a helicopter. With the blades facing forward, it flies like an airplane.

The V-22 is heralded by some industry experts as the most dramatic aeronautical advance in years. The technology was designed mainly to provide the Marine Corps with a limber military transport. But the aircraft, at about \$22 million each, are considerably more expensive than the military helicopters they are designed to replace, and the Bush Administration tried unsuccessfully to scrap the program last year.

Proponents contend that the V-22 could have other uses — as an inter-city shuttle, for example, with the speed of an airplane and the versatility of a helicopter, whisking commuters from Wall Street to Washington in 45 minutes, avoiding the long queues on runways and, perhaps even more trying, the cab ride from Manhattan to New York's La Guardia airport. A study by the National Aeronautics and Space Administration predicted that by the year 2000 there could be a market for as many as 1,600 of the craft.

Last year, Secretary of Defense Dick Cheney tried to drop the V-22 from the Pentagon budget as part of \$180 billion in proposed defense cuts. But Congress granted the project a reprieve, allocating \$255 million for research and development in this fiscal year. Its ultimate fate as a military aircraft remains uncertain.

Bell and Boeing have built six prototypes of the aircraft for flight testing, and had hoped to begin constructing the final version this year in what was originally planned as a \$28 billion contract for 650 aircraft. The contract is one of two major programs for Boeing Helicopters this decade. And Bell is hoping the V-22 will eventually account for 20 percent of sales, Mr. Horner said.

The V-22 is the latest phase of an aviation development process that began in 1956 when Bell, under contract from NASA, built the first hybrid helicopter-airplane, called the XV-3. In the 1970's, Bell built a larger, more advanced version, the XV-15, from which the current aircraft is derived.

One of the biggest technical hurdles engineers had to overcome was finding a way to build an airframe that could withstand the different types of vibrations that a helicopter and an airplane produce as they fly. In what engineers call "aeroelasticity," aircraft parts

are designed to function well at the specific, very different, vibration frequencies generated by a given plane or helicopter. The problem was solved by building the V-22 out of mainly carbon-fiber composites, which are lighter and easier to tailor to a specified stiffness than aluminum.

When the V-22 was conceived for the military, it was seen as ideal for amphibious assaults and search and rescue. The V-22 can fly farther than most helicopters, which often need to be transported in cargo planes to a battle scene. It would have been ideal for the botched rescue attempt of American hostages in Iran in 1980, since the ill-fated fueling stop in the desert would not have been necessary, advocates said. Proposed civilian uses have included drug interdiction, disaster relief and border patrol.

BUT the most alluring adaptation — and the one promoted by Bell and Boeing — is that of a small passenger craft capable of shuttling up to 40 passengers from downtown to downtown at speeds of 300 to 350 miles an hour, faster than any helicopter.

Advocates envision a network of "vertiports" located near or in city centers that would accommodate commuter flights of 300 miles or less, freeing up landing slots at large airports for long-distance flights. (At New York's three airports, an estimated 40 percent of the planes fly 300 miles or less.)

The Federal Aviation Administration has awarded \$2.7 million in grants for 15 cities and states to study the feasibility of building vertiports. One recipient is the Port Authority of New York and New Jersey, which is searching for a site in Manhattan. "Nothing on the horizon offers the potential for capacity increases system-wide like the tilt-rotor," said Richard Milhaven, a planner with the Port Authority.

But critics argue that the minutes saved and hassles avoided do not justify the steeply higher cost of buying and maintaining the more complex aircraft. Estimates for the cost of a civilian version of the V-22 range from \$12 million to \$18 million, with hourly maintenance costs estimated at \$835 an hour. A comparable turboprop costs \$9 million, and \$180 an hour for maintenance, according to a NASA study. Largely because of such figures, the airlines have expressed guarded interest, at best, in the technology.

"The number of passengers paying for it may not justify the service," said Steve Horner, regional airline analyst with Avmark, an aviation consulting firm in Arlington, Va. Mr. Horner added that the vertiports, while costing only a fraction of the price of a new airport, would likely encounter many of the political and environmental blockades that have hobbled proposed airports.

Advocates counter with the argument that a tilt-rotor would save costs elsewhere. For instance, since most of the vertiports would be located in the heart of a city, passengers would save the cost of a taxi to the airport. "You also eliminate the aggravation factor by not having to go through the airport," said David Jensen, editor of *Rotor and Wing International*. "There are a lot of people who would be willing to pay for that."

Still, many obstacles remain. The Government would have to write new rules for certifying the aircraft. In anticipation of a civilian spinoff of the V-22, the aviation agency has been gathering data from the military test flights. "It'll save several years and a bunch of dollars," said James I. McDaniel, director of the tilt-rotor program office at the agency. The Government would also have to devise a way to squeeze the unconventional

aircraft, with its steeply angled landings, into the air traffic flow without further clogging the skies. "If you stick them in today's jet system, then you're wasting the tilt-rotor's potential," said Thomas Tripp, a spokesman for Boeing Helicopters.

MEANWHILE, Eurofar, a consortium of companies from Britain, France, Spain, Italy and West Germany, has begun to design a similar aircraft. And a Japanese company, Ishida, has hired several former Bell engineers in Texas to work on similar technology. "Right now, we have a lock on the technology," said Mark F. Fling, a consultant in Los Angeles who helps finance aviation projects. "We don't want it to wind up like the V.C.R.," he said, referring to the American-developed videocassette recorder, now made in Japan. ■

PHILADELPHIA NAVY YARD

Senator SPECTER. The other subject I want to take up for just a moment or two, Mr. Secretary, involves the Philadelphia Navy Yard and the proposed planning for the yard by the Department of Defense. Perhaps I can summarize the considerations I have in mind with three aspects at least as part of the strategy or part of the necessity for keeping the Navy Yard in existence. I do not say that these are the only three factors which would lead to the Navy Yard's continued existence, but I would like to pose those this morning.

One would be that if the Navy is committed to 14 carriers, it would seem that this objective could not be achieved without the retention of the Philadelphia Navy Yard.

A second scenario would be in looking for defense expenditures with limitations where you have a carrier which can be preserved through the service life extension program for about \$900 million which would range somewhere from 15 to 20 years, although less than a brand-new nuclear carrier would cost \$3 billion, more than three times as much, perhaps three and one-third times as much in the course of a 15- to 20-year period, we would have a chance to reassess what our needs are in the constant changing world that we find.

Third would be as we project ahead to the large drydock area which the Philadelphia Navy Yard has and the possibility of utilizing that yard for Aegis repair.

Under any of those three lines of projection, the Navy Yard would be indispensable to the future defense of the country. I would like your comment on that.

Mr. ARWOOD. I appreciate what you are saying, Senator, and I think those are valid concerns that you have expressed.

I will repeat, as you know, these are recommendations made by the service secretaries—in this case, the Secretary of the Navy. They went through their analysis of what they see their requirements being in the years ahead. These have not been finalized in terms of OSD, and Secretary Cheney or myself.

There are a number of studies that are going on, and will be going on, before a final recommendation is made. We notified Congress that this list of recommendations came from the service secretaries, but the studies that are ongoing will include the environmental impact studies, the economic impact, a review of the requirements in view of the changing global scene that we are witnessing, just as you mentioned. We will also have to take into account what the requirements are as we visualize the Navy over the next period of years.

So all of this will be done, and I appreciate what you are saying, and I am sure you understand we have not made a final decision on this.

Senator SPECTER. Well, I suppose that is about as far as we can go on that subject today. I just hope that—that answer suggests that the health of the Navy yard in Philadelphia is perhaps somewhat better than the health of the V-22 Osprey.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator BUMPERS.

Senator BUMPERS. Thank you, Mr. Chairman.

Mr. Secretary, welcome to the committee.

And let me just say for openers, I think that the Defense Department would be well served, before this committee and the House companion committee begin to mark this bill up to confer with us, because I strongly believe that there are going to be cuts in addition to those recommended by the administration, and it would be better for you to be in on the takeoff than it would be to be in on the landing.

I have been saying over the last couple of days in a couple of speeches back home that we are different from the Soviet Union—in this: we are both broke, but they are willing to admit it. And their conduct is sort of a manifestation of that reality.

And what Senator Nunn has been saying, and I think Chairman Aspin over on the House side, to the Defense Department, give us a new threat assessment so that we can deal with this thing sensibly and realistically.

And yet, in this proposal, in this budget, there is a 21-percent increase in strategic modernization, and a very modest cut in conventional forces.

And then I see where the Washington Post laid its hands on a document called the Defense Planning Guidance. I do not know whether it was intended for them to get their hands on it, or whether Congress will ever see it or not. But the Pentagon and the Defense Department and the administration seem to be saying that it is true—the threat from the Soviet Union and the Warsaw Pact powers is not what it used to be. The Soviets are, in fact, taking some fairly dramatic actions there.

And then, this Defense Planning Guidance seems to be saying that we cannot let our guard down because there is still this threat from the Third World, terrorism, narcotics, chemical weapons. And I must say that does not make much sense to me. I would still like to see the document, and I am sure other Members of Congress would like to see it.

What we want is an honest new threat assessment so that we can do what's right, and, by the way, I supported you on the Osprey last year. I supported you on the F-14. I applauded Dick Cheney for the positions he took on those.

But here I see, for example, three former chairmen of the Joint Chiefs go before the Senate Armed Services Committee, and all three of them, the last three top military officers in the United States, say, we ought not to go with the MX rail mobile garrison, and yet there is over \$2 billion in here for it.

And that really causes me problems.

And then Secretary Cheney is over in Korea saying we will take out 5,000 troops over 3 years. It costs us almost \$3 billion a year to maintain 43,000 troops there. That is more troops than we had in 1981. And at that rate, we would not be out of Korea before 2015.

And there is a place where you can save a lot of money in here, is it not in bringing troops home? Is not that about the fastest way to save money?

Mr. ATWOOD. It is one of the fastest.

Senator BUMPERS. If you take them out.

Now if you just bring them back and relocate them, you are not saving very much.

Well, Mr. Chairman, I do not know what we are going to do in this committee to carve out a peace dividend. I would like for the President to join us in carving out a peace dividend. Of course, as they say, the biggest dividend is peace itself.

By the same token, it is difficult for me to believe that for \$270 billion the Soviets are going to come up the Potomac and get us. And for \$302 billion, for example, they will not.

Now let me ask you just a couple of specific questions. And I might choose to submit some in writing.

FLY BEFORE BUY

Last year, Mr. Secretary, you assured this committee, and you and I discussed it down at the Pentagon one day in private, about our buying weapons that have not been fully tested. And in the past, allowing certain contractors to slip past certain deadlines that they must meet on certain tests. And you assured me that that was going to be one of your priorities, to make sure we discontinued that practice.

Now we have the President's request for \$5.5 billion for the B-2 program. That is not all for production alone, but there is \$5.5 billion there. And yet that plane has not even begun to fulfill the requirements of testing for its mission.

Why should we buy five more planes until we are absolutely sure that plane can meet its goal and its mission?

Mr. ATWOOD. That is a fair question. The B-2 underwent a full evaluation about a year ago as to, No. 1, the requirements; No. 2, the technical status; and No. 3, the cost elements involved in it.

As far as the requirements were concerned, the requirements remain the same so long as, No. 1, we still believed in the triad; and No. 2, we believed that we needed a penetrating bomber well beyond the year 2000.

Those requirements have not changed. You made note of the fact that with all of what is happening in Europe, with all of what is happening in the Soviet Union, do we still need this kind of a strategic capability?

I venture to say that in spite of it all, in spite of the difficulties that the Soviet Union has had from an economic standpoint and from their difficulties with the rest of the Warsaw Pact countries, they continue to possess an awesome capability in terms of strategic nuclear capability.

And they continue to modernize it, and modernize it at a rate far in excess of anything we are doing. And, in fact, possess a mobile missile capability far in excess of anything we are even thinking of with either the rail garrison or the small ICBM.

Now, back to the B-2. So long as we need a penetrating bomber, and we have no reason to think that until a START negotiation is completed, that that has relieved a bit, then the need for the B-2 still exists.

As far as its technical capability is concerned, in spite of reports that I have read in news media, the B-2 flight test program has been eminently successful, and indeed, is within reasonable range of that which we anticipated at this time.

Also, since that is the case, the review that we made of the finances—and I think you will recall that I said the most probable total cost of that program was about \$70 billion, but that there was a margin of uncertainty because, at that time, we had not completed flight testing—in fact, had not hardly started. And we had in there a reserve for engineering changes that was reasonable. I have no reason at this moment to change my opinion of that.

However, because the environment is changing and we are negotiating a START settlement, because it is entirely probable, and I hope very probable, that the Soviets will back off their strategic capability, then, in fact, because of all of that, we are reviewing in detail the requirements for the B-2, starting with the basic need for the B-2. And that study is ongoing. We will be completing it this spring. And, depending on the results of it, determine whether or not we still need the B-2 as we did. If so, how many we need, and over what timeframe we need them.

Senator BUMPERS. Mr. Secretary, I appreciate your answer. Will you be in a position to tell this subcommittee before we mark this bill up what your findings are on the B-2?

Mr. ATWOOD. Yes; I am assuming you are not going to start marking up before the end of May or June.

Senator BUMPERS. No; we will not mark this bill up before probably September. [Laughter.]

B-1 CAPABILITY

I am just going by my 15 years in the Senate, I am not talking about what we may do this year.

Is this all to say then that we no longer trust the B-1? I mean we bought 100 B-1's at about \$27 billion on the basis of the triad, and it would penetrate. Is this to say we no longer think it will penetrate?

Mr. ATWOOD. No; we still look at the B-1 as a penetrating bomber.

Senator BUMPERS. If it will penetrate, why are we buying the B-2?

Mr. ATWOOD. Because the air defense capability of the Soviets continues to be improved. They are still modernizing their air defense systems and, in fact, at the rate that they are moving, we picture that beyond the year 2000, the B-1 will no longer be as capable as a penetrating bomber and we would have to have something new.

Senator BUMPERS. Well, I take it you are in strong disagreement with all those people on the "60 Minutes" show Sunday night about how the B-2 is also easily detectable with radar?

Mr. ATWOOD. I do know that I choose to determine our vulnerability to radar based on a "60 Minutes" show. I have looked at the radars, and there have been some claims, as you will recall, recently, that the Australians had an over-the-horizon radar that could detect the B-2.

We have had the Defense Science Board look into just that challenge. They determined that there is a point in time at which they will get the proper blips with their over-the-horizon radar, but not of sufficient magnitude for them to either track it or to follow it down.

Senator BUMPERS. I tell you, Mr. Secretary, sometimes I feel just like that old story of Lucy saying she is going to hold the ball for Charlie Brown this fall, and she is not going to pull it out from under him this time. She is going to actually let him kick it. And every fall Charlie falls for it. And every year she takes the ball away from him and he falls flat on his rear. And that is the way I think Congress feels sometimes.

It seems to me I can remember all the debate on the B-1, about how we had to have that part of the triad, how it would penetrate, and all those sort of things. I was not for it because I was supporting, at that time, the B-2. I did not think the B-1 would penetrate at that time.

I do not know, if a kid from Germany can fly a Cessna into the Kremlin, I suppose anything can penetrate the Soviet Union.

And I know that in reality those things turn out that way.

TRIDENT SUBMARINE

Mr. Chairman, just one additional question. And that is on the Trident submarine.

You are asking for money for the 18th one?

Mr. ATWOOD. Yes.

Senator BUMPERS. Last year's 5-year defense plan provided for long-lead items, I believe, for 23 Tridents. Incidentally, I am a strong proponent of the Trident submarine and I am also a proponent of the D-5, but I am concerned about what we have tentatively agreed to with the Soviets in Geneva on 4,900 warheads on ballistic missiles.

If we build 23 Tridents, we will have in excess of 4,400 of our allowable 4,900 warheads on submarines, and yet we are going full speed with the MX, which would have 500 warheads, to say noth-

ing of the Minuteman III's. And so it seems to me that we do not have our act together on what kind of a mix we are going to have with our 4,900 warheads.

I do not want us to build 23 Tridents and then wind up destroying Tridents that have 20 years left on their useful life in order to come into compliance with that treaty.

Mr. ARWOOD. I think you make a very valid point. And I am sure you recognize, as I do, that until we have a valid START agreement with a given number, we must keep our options open.

As I said, as of today, the Soviets are spending vast amounts of money on modernization of their strategic nuclear capability, and they are ahead of us in many, many fields.

So, until we get such a negotiated agreement, I propose that we continue this but that, in fact, as you said, we keep our powder dry, because I am with you and hope, above all, that we can cut back in many of these major efforts.

Senator BUMPERS. Thank you, Mr. Chairman.

I would like to submit three or four questions in writing, Mr. Secretary.

Senator INOUE. All right, sir.

Senator Rudman.

Senator RUDMAN. Thank you, Mr. Chairman.

Mr. Secretary, there just seems to me to be a kind of glaring inconsistency in the policy of the Pentagon this year on items that I want to talk to you about.

And listening to your questions and answers with Senator Inouye, the chairman, and Senator Specter, I get the impression that what you are trying to do is to defer moving forward on certain programs until you can make some reassessments of various kinds. Some people do not like that. I do not know whether it is legal or not, but I do not have a problem with that.

It is a policy that you put in your management, and people disagree for different reasons. I think that it is probably a good idea, speaking only for myself.

MAJOR PROGRAM TESTING

On the other hand, we have three major programs which, by any measure, need very careful reassessment, (a) in terms of the threat, which is what Senator Bumpers was talking about, and (b) in terms of their capability.

And yet, in all three cases, each of these programs being among the most extraordinarily expensive programs that we will be looking at this year, you are going ahead with them without any real testing in a robust environment that will tell us whether or not they are what we think they are.

I refer to three items: the B-2, certainly. The SSN-21's, for which this year you are asking \$3.6 billion to procure two of these advanced attack submarines, even though GAO tells us that roughly half of the buy of 29 will have been built or under construction before robust, and certainly critical, sea trials, are accomplished. And the C-17, which, having sat here at these hearings for 10 years, Mr. Secretary, I will tell you the kind of mission that we

were talking about for that in 1982 certainly seems to have changed a great deal. Yet we are talking about going ahead with it.

So my question is, Why do you on the one hand very sensibly defer, and on the other hand essentially ask us for money to go ahead with these three items, when in fact we really do not know (a) whether we need them as they are, or (b) more importantly, whether they work as designed?

Mr. ATWOOD. I think that is a valid question. And I recognize it puts us in a position of appearing to be arbitrary in continuing them, and telling you that we are evaluating their requirement.

But, on the other hand, I think that is the world we are living in. The decision as to their need today may well be vastly different from what it was a year ago. And we recognize that.

And at the rate at which the changes are happening, it could well be in the months ahead even different from what it is today.

But, nevertheless, it ill behooves us not to make a detailed analysis of these requirements, (a) the real requirement, (b) their capability to meet that requirement, and (c) the time period over which you meet them

Without doing those studies and analyses, I think it would be foolhardy for us to arbitrarily say, I believe we are going to have an agreement with the Soviets; I believe that what is happening is going to continue at the same pace, and therefore I believe that the requirements will be different and I should cancel them.

I think you would be one of the first to be all over us if we made such a series of arbitrary decisions. We do have these studies ongoing. They are looking at the best assessment of the requirements based on our visualization of what the defense needs will be, and do they meet them?

And we will be coming out, I believe, before your markup starts, depending on when it starts, sufficient for us to make a firm recommendation.

Senator INOUE. Will the Senator yield at that point?

Did you say that there is a study going on, the SSN-21 at this moment?

Mr. ATWOOD. No; I did not. There is a study going on, on the B-2 and the C-17.

However, we are considering, as a result of the POM exercise that we are going through now, picking up another five to seven major programs, major issues, and this may well be one of them.

Senator INOUE. Thank you.

FUTURE FORCE

Senator RUDMAN. You obviously know, Mr. Secretary, the underlying problem that I am addressing is really not these systems or their strategic value or their workability. What I am really looking at is 5, 10 years out, what kind of an Armed Force do we have? Is it a hollow force, or is it a force with highly sophisticated weaponry, without the means to operate it, in terms of O&M, people, and so forth?

We are talking about some very big ticket items. If you want to comment on them that is fine. Would you like to?

Mr. ATWOOD. I would like to comment on it.

General Powell is due over here Thursday or Friday, I do not quite know when it is, and he will be giving you his own analysis of the net assessment of what he sees.

I can tell you from where I stand, and this is one person's opinion of it. I think we are looking at probably a reduction in the Armed Forces over the next period of years. I do not think there is any question about that. It is coming because the threat has decreased.

No. 2, we are not looking at a hollow army or a hollow navy or a hollow air force. We have been through all of that. And I do not think there is any way in this world that we can attract the capable young people we need, both men and women to be in the Armed Forces, if we do not give them the equipment, the training, and the ammunition to make it a viable, flexible force.

But, No. 3, historically our whole advantage has been in technology. And I think we have to be very careful to ensure that the weapons of the future are the most advanced technologically.

And what we do not want to do is to say we will put everything in abeyance, we will build a design and then set the design aside for the next 5 years to determine if we need it. I think that would be foolhardy, because the technology, the way things have gone, will soon be outdated.

We either need it, to build it now, or we need to continue R&D, but we should not be setting designs aside.

PENETRATING BOMBER

Senator RUDMAN. I agree with all of that. I think the exception I would take is when you are talking about something like the B-2. Since I have not decided what I am going to do about it, I want to see what you are doing about it.

You know I can just see what happens here. We get a threat assessment that says, well, now, maybe, with arms control, that program really is not all that necessary. And then all those smart people you have over there and all those smart folks, the contractors, sit down and say, "OK, guys, we need a new mission for this."

And you come up here next year with a new mission. You have charts, graphs, and computer slides. You will have the darndest mission for that airplane anybody ever thought of, and it will sell.

And if we have already built 35 or 40 of them, then say, "Well, what the devil, we may just as well build the other 60."

Now I have been through that before, and I am not going to go through it again. I will vote against it if I believe that is where we are headed because that is a big chunk of money for something that a lot of us are starting to wonder about. That is, do we need a manned, penetrating bomber?

I want to ask you this question. We spent a fortune on the B-1. Without getting into classified information, I would disagree with you that it is a penetrating bomber today. The ALQ-161 does not work. I will not say much more than that.

I have had a very thorough briefing on the B-1's ECM. I would not want to be one of the flight crew flying it as a penetrator.

What have you looked at in terms of our enormous investment in air-launched cruise missiles, particularly some of the more classi-

fied programs of the air-launched cruise missiles, that makes you want to use the B-1 as the prime penetrator against mobile or relocateable targets, and so forth, as opposed to the B-2?

I mean we have already spent a fortune on those two systems, which are penetrators for all but the last x miles. Are we looking at that in conjunction with the mission of the B-2? That is my question.

Mr. ATWOOD. The answer to the last question is "Yes."

Could I go back over some of the other comments you made—and they are valid comments. The B-1 does need the ECM in order to be a valid, penetrating bomber.

Senator RUDMAN. It does not have it today.

Mr. ATWOOD. That is correct; it does not.

Senator RUDMAN. So, if we needed to scramble it tonight, I would not want to be the pilot riding in that airplane.

Mr. ATWOOD. I am sure that the air defense capability of the Soviets is different today from what they have planned for 1995 and vastly different from what they will have in the year 2000.

And so what we are talking about is the B-1 as a penetrating capability which will continue to go down, depending upon their air defenses.

Now, as far as in evaluating the B-2, it is based upon the B-1 being a working bomber, No. 1, penetrating bomber at least until the year 2000. It is based on the fact that we have done some testing with the ALCM on it, and we do know that over a longer period of time it could be an advanced cruise missile carrier. That is a different situation, but it will—when we weigh the viability or the necessity for the B-2—take that into account.

Senator RUDMAN. Well, Mr. Secretary, sometime this year someone is going to be asking you to give us the comparative cost of equipping the B-1 fleet with ALCM's versus the B-2 fleet, and then the relative probability of hitting targets. Those kinds of questions are going to be asked.

You know what is behind all of this, of course. I do understand some of it. Some of it is that you do not pin stars on cruise missiles.

Mr. ATWOOD. Well, I hope that is not what is behind it. I understand what you are saying, though.

Senator RUDMAN. I am sorry, but I think a lot of it has to do with the penetrating bomber. We could be in the year now 3000 in the Congress here. We will still be talking about penetrating weapons.

I mean, we have got more smart technology around us today, and you find it at Radio Shack, never mind the Defense Department.

We are still talking about penetrating bombers when we have got technology developed that is probably as accurate and as reliable and will give us more security. Unfortunately that is not the notion our Air Force, which I have enormous regard for personally has had. I just have to tell you that we are reaching a point around here where we are going to have to start looking at these things very unconventionally. I am prepared to do that. I hope we will have some of those statistical analyses sometime later in the year, because that is the way we have to make decisions, not on hunch, not on gut feeling, but on how much is this going to cost and what

is the probability of hitting the targets versus this system here. We just have to start looking at them.

And I agree with you. We will be down, in my guess, by the mid-1990's. This may shock some people. I would not be surprised if the end strength of the armed services, given no major changes in Eastern Europe, will be down to about a million five, down 700,000 in 6 fiscal years. That raises major concerns for all of us.

Mr. ATWOOD. I know I do not have to defend the Air Force to you, and I recognize that, Senator, and so let me apologize for coming to their defense.

Senator RUDMAN. That is all right.

Mr. ATWOOD. I think they do a tremendous job, and their whole basis for a penetrating bomber is that it is one of the three legs of the triad, and that thus far we in all of our analyses in looking at the targets, in looking at the capabilities that we have feel that the penetrating bomber has been an essential element.

Senator RUDMAN. Thank you for your answers. I think we are heading for what I call the two and one-half legs—the triad no longer. I do not know what you call two and one-half. I will have to go back and look up my Latin, but I am talking about two and one-half because you are going to have—I believe eventually you are going to have bombers moving within 1,500, 2,000 miles of their target and the other two legs in place. That is where I think we are eventually heading because of what the enormous cost of these programs is.

Senator INOUE. Senator DeConcini.

PREPARED STATEMENT

Senator DECONCINI. Mr. Chairman, thank you. I have a statement I would like to put in the record.

Senator INOUE. Without objection, so ordered.

[The statement follows:]

STATEMENT OF SENATOR DENNIS DECONCINI

Mr. Chairman, I want to thank you for beginning this series of hearings on President Bush's fiscal year 1991 defense budget. I also want to congratulate you and Senator Stevens for the fine leadership you both exhibited during the defense appropriations process last year. It was a long a difficult process and I have a strong suspicion that this year will not be any easier.

We have been witnessing extraordinary changes throughout the world in the past few months. With constantly shifting developments in Eastern Europe, Southern Africa, and Asia, no one can predict for certain where we will be at this time next year—or next month for that matter. These are promising developments and developments which I believe are, in part, due to the beacon which American democracy has held out to people throughout the world and, in part, to the strength which we have exhibited to the Soviets and others.

But these exciting changes will mean that the United States and the Bush Administration will have to be flexible. We must be able to adapt to these changes while maintaining a strong and sufficient deterrent. While I have been pleased with many of the steps taken by this Administration to respond to the changes in Eastern Europe and elsewhere, I am concerned by an apparent lack of leadership in some areas.

One of these areas is the ability of this Administration to demonstrate true leadership in the area of bringing the budget deficit under control. If it is true—as the former Joint Chiefs of Staff and other defense experts have stated—that the Warsaw Pact no longer represents a credible threat to NATO, then why does this defense budget not demonstrate that change in the threat? There is very little flexibility exhibited in this year's defense budget.

There are very few real cuts made in our defense spending if the FY91 budget is to be our guide. A significant proportion of the defense savings claimed by this budget were actually the result of actions announced last year. If it were not for the new base closings announced by Secretary Cheney, this would be a very routine budget from the Reagan years bearing little resemblance to the realities of the burgeoning democracies in the world today.

I have many concerns about the supposed "peace dividend," the large growth in spending for the many strategic programs, and question of whether this proposed defense budget responds to the changes in the world with the flexibility we may need in the coming months and years. I look forward to exploring these questions with those who will come before this subcommittee in the next few weeks.

Thank you, Mr. Chairman.

WEAPONS REVIEW

Senator DECONCINI. Mr. Secretary, thank you for the time. I appreciate the statement you made today and, in particular, the way you explained the deferrals and the programs terminated.

I also can understand your approach toward the B-2 and some of the other weapons systems you said that are under study. I understand that you are going to have some information for us, perhaps before we mark up so that will be helpful.

What I do not understand—or maybe this is not correct—it appears that the Midgetman and the MX are not under that same kind of review; is that correct?

Mr. ATWOOD. That is correct at this instant. As I mentioned to you, though, as we initiated the POM and provided fiscal guidance to the services on the POM, one of the key elements of that is it will be undertaking about 10 or 12 key strategic issues of which the aircraft and SDI constitute the first 5 and so I envision that we will be looking at these other elements including the attack submarines and the cruisers.

Senator DECONCINI. Including the Midgetman and the MX missiles?

Mr. ATWOOD. Yes.

Senator DECONCINI. It concerns me because I can understand under the present circumstances a continuous flow of funds. But the MX, for instance, has a 65-percent increase in your 1991 request up to \$2.8 billion. And the Midgetman request, though small in dollars, is still a 50-percent increase or close to it, up to \$202 million.

If there is this air of looking again at all systems based upon potential START talks coming to fruition, as well as what is happening in Eastern Europe and the Soviet Union, and you are already reviewing the B-2 and other weapons systems, why not now review the MX and the Midgetman?

Mr. ATWOOD. We will be doing so, and the time is not vastly different from the present ones. There is a limit as to how many simultaneous major reviews we want to conduct.

Senator DECONCINI. So, you are going to review it?

Mr. ATWOOD. Yes; we will be reviewing that. But one of the things that I think we should remember—and I do not need to be reminding you—you know it—is that any agreement we have we do not look to fruition before mid-fiscal year. It will certainly be not before the end of this calendar year.

Senator DECONCINI. Well, I understand that, Mr. Secretary, and let us say it does not come about. Let us say for some reason that it

breaks down and there are some reversals, who knows? Or it is put off or it does not come about. I take it you would still feel that the \$2.8 billion, 65 percent, increase in the MX program is necessary; is that right?

Mr. ATWOOD. I have to assume more than if they break down. Let me assume that the START negotiations should break down, and let me assume, however, that the Soviets continue at their rapid pace of modernization. That would be one set of circumstances. But if they should break down but at the same time, the Soviets should take a different look toward their modernization and it is not beyond reason that they may, for their own economic reasons, cut back unilaterally, then I think we would have another outlook.

Senator DECONCINI. So then, if I understand this—and excuse me for pursuing it—the \$2.8 billion request for the MX, for instance, is based on not having a START agreement and, also, the continuous rapid buildup by the Soviet Union in this area, as well as the defensive measures for this type of weapon?

Mr. ATWOOD. And the technological superiority they have in mobile missiles.

Senator DECONCINI. So, those three things are what prompted the administration to request this huge increase in the MX missile.

Mr. ATWOOD. Yes; I want you to know that this is according to the plan that we have had laid out for some time. This was not a sudden decision.

Senator DECONCINI. So, there has been no deviation from that plan?

Mr. ATWOOD. That is correct.

Senator DECONCINI. And your testimony is that that is going to be reviewed?

Mr. ATWOOD. Yes, sir.

Senator DECONCINI. And that is going to happen in the next 6 or 8 months?

Mr. ATWOOD. Yes, sir.

FOLLOW-ON TO LANCE

Senator DECONCINI. Mr. Secretary, one of the areas of seemingly disjointed thinking in light of the eventual reunification of Germany, which seems to me to be imminent, is that the administration proposed \$112 million for engineering development of the Follow-on to the Lance missile to replace the aging Lance missile in West Germany. These missiles have a limited range and depending upon where they are deployed, can only hit targets in parts of Poland, Hungary, Czechoslovakia, and East Germany.

Once East Germany disappears, are we really going to need this advanced and new generation of Lance missile?

Mr. ATWOOD. The Follow-on to Lance is part of the alliance's decision, and we are following what the decision of the alliance was. If, indeed, there is a reunification and a change in the viewpoint of the alliance, then, in fact, we will accede to that, but right now we are continuing on the Follow-on to Lance as we had previously agreed with our allies.

Senator DECONCINI. Do I detect from that question that you have some doubts or some concern that the reunification may not take place? It seems very imminent to me that it is going to take place probably more rapidly than is perhaps appropriate economically and politically, but it seems to me it is a moving train that no one is going to stop.

Mr. ATWOOD. I would agree with that. And, as part of that, with the allies we have and our own alliances with them and with the Germans, then indeed when we get to a CFE and then begin to talk about the strategic nuclear forces, that will come under discussion at that time.

Senator DECONCINI. So, that is after reunification is formalized?

Mr. ATWOOD. I do not know when reunification will take place. I am anticipating with you that it will take place in the very near future. Whether it takes place before we come to a CFE agreement or not, I am not ready to say.

Senator DECONCINI. It seems to me, Mr. Secretary, that though it is only \$112 million, in light of the huge defense budget request here, this program ought to be put on the shelf. That is just one Senator's opinion.

INDUSTRIAL BASE

Let me ask you a question, Mr. Secretary, about industrial bases. During the Reagan defense buildup there were continuous concerns about the health of the defense mobilization base, questions about the health of the industrial base itself.

In today's fiscal environment the conditions of both the mobilization base and the industrial base are going to deteriorate significantly. Two examples of this come quickly to mind: the Army tank and the attack helicopter production lines. Using these examples, can you explain how the Defense Department policies on maintenance of the industrial base will be implemented with the fiscal year 1991 request in your plans for the outyears?

Mr. ATWOOD. I think they pose a serious problem as far as I am concerned in sustaining the defense industrial base and, in particular, the defense technological industrial base. I think that is the key point.

It would not be the first time we stopped production on any given weapon. In fact, I think if you go back over the years, we stopped all production on tanks back in the seventies and early eighties. But that is an indication of looking at the requirements that appear for certain.

I think the threat of a major land war in Europe is greatly diminished, greatly diminished no matter what the outcome of our CFE or our START negotiations were. Just from a political standpoint the threat of a land war has diminished. The fact that we have about 7,700 M-1 tanks in our arsenal, and the need for them being very minimal in Third World country areas, indicates to us that we should cease production of the M-1 tank, and that is what we have recommended.

Now, what does this mean in terms of an industrial base? Well, we are not ceasing it, throwing away the tools, closing the factories. We are mothballing it. And, in fact, because of some of the

Third World foreign military sales, they will probably continue on for at least a year or two beyond any need that we have for them, but we are mothballing it.

Senator DECONCINI. Last, Mr. Chairman, I will submit a couple of questions, but let me ask you this. Perhaps you have already touched on this. It is something of interest to me and I believe Senator Levin is working on legislation—has the Defense Department or have you devoted any time to thoughts about conversion of the defense industry into nondefense production, such as incentives to do that or to training or to ways to ease that economic downturn or reversal?

Mr. ATWOOD. I have over the years before I came to DOD been greatly concerned about all of that, and was involved with a number of defense activities within the industry that had to be converted.

I think, over a period of time we have a great history of doing it, going back all the way to World War II in which we made some very major conversions, as you know. But also during the seventies, which were not known as blooming years for new weapons procurements, and when much of the defense industry had to convert to commercial use, and I think they did it very satisfactorily.

At one time part of our independent research development funds was available for industry to spend in looking at commercial applications of some of the defense technology. I understand that that recently has been frowned on, but I certainly have no objection to that.

I think we should encourage defense businesses to expand in the commercial area for two reasons. One, it affords them stability; No. 2, it thins out our fixed costs or allows us to do business in a more economical fashion and finally, it provides a technology base which we vastly need.

Senator DECONCINI. There are no plans in the Department of Defense or anywhere else that you know of or efforts or initiatives or perhaps even legislation to assist this conversion necessity?

Mr. ATWOOD. No; we are relying to a very large extent on ourselves creating the atmosphere for that to happen as opposed to creating a defense policy or an industrial policy which would force it.

Senator DECONCINI. Do you think it is worthwhile to have a plan in which the Government participates in some way with the defense industries to assist them in that conversion. Not only just encouraging them to do it, but actually giving them some assistance. As you said, a fund once existed?

Mr. ATWOOD. I think the other area that we could be of assistance—and this comes under the heading of establishing an environment which would be helpful—would be to review all of the technology areas that we have put on restriction.

As you know, for security reasons we have restricted the amount of transfer of technology to other countries, the transfer of the technology to commercial practices which they could use, and I see no harm in our reviewing that and, in fact, are doing just that.

Senator DECONCINI. But nothing more?

Mr. ATWOOD. Nothing more at this time.

Senator DECONCINI. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.
 Senator INOUE. Senator McClure.

JOINT REVIEWS

Senator McCCLURE. Thank you, Mr. Chairman. I will be very brief, but I just want to follow a couple of lines very quickly.

First of all, I think we have an immense task before us, all of us, not just the administration or the Congress this year to allow our policy to parallel events that are occurring in Europe.

I am struck by the fact that you were immediately hit by the question of do not change anything; whatever we decided last year, you have got to keep on doing and, at the same time, please change your strategy to accommodate to current events. I do not know how you are going to do that.

I do not know how we are going to do that, but certainly that is a great challenge, and I commend you for undertaking reviews. Obviously there will be some arguments about where those reviews should take place and which weapons systems should be included in the reviews, but certainly strategic thinking is going to be changed, must be changed, and Congress must be brought along with it.

I would hope somewhere in this process we can develop a degree of candor between the Congress and the administration which perhaps shows my naivete to believe that is possible that allows us to share with you both the reevaluation of our current policies as embedded in procurement and in statute to make it possible for you to adapt our current policy to the shifts in strategic requirements.

And I think the reviews are a part of that. Certainly I am not a great fan of unilateral administration actions, but if you are going to undertake deferrals, maybe a degree of consultation with the Congress and perhaps a degree of candor saying we are deferring this because we think we maybe ought to reevaluate what it is we are doing, not because we denied what we did last year, but because we are evaluating it. And I did not quite hear that in your earlier responses. I think it was probably there, but I did not quite hear that.

Is that a valid observation?

Mr. ATWOOD. That is a valid observation. It is a change in requirements as we see it since we looked at it a year ago and, therefore, it is something that we want to reevaluate how we do it.

It is not just a change in thinking, I hope.

Senator McCCLURE. I would recognize, too, and I hope you would recognize that there is a degree of suspicion on the part of the Congress with relation to what the administration may do based upon your past experience that oftentimes the only thing that gets reevaluated is what the administration did not want to do last year and Congress did.

Mr. ATWOOD. Yes; I hope—well, I will let you go on and then I will answer.

Senator McCCLURE. Go ahead and respond.

Mr. ATWOOD. Times do change. When I came here, which was just under 1 year ago, the big challenge that was presented to me was to go into DOD and to be sure that we took a look from top to

bottom at the way we conducted our business internal to DOD. We had a reputation for being too large, too complex, too immovable, too bureaucratic, and I was to see what we could do about streamlining that whole operation. That was the big thrust.

There was some thought that events in the world may change a little bit, but nothing to the degree that it has changed today.

I have to tell you that in this less than a year that I have been here, the thoughts that keep going through my mind and everything that I read in the paper—this business of streamlining and making more efficient and getting rid of bureaucracy—is almost incidental to the other.

And yet, in my own thinking, it is not. That is why I came down here.

And I think we have been eminently successful. We have identified close to 40 billion dollars' worth of changes and streamlining and effectiveness, and we are going to continue to work on that.

But the other thing has changed, and it has changed very dramatically, and that is what is driving us in the review of our major weapons programs and the review of our force structure and how we view what our defense requirements are.

Senator McCURE. I think that is entirely appropriate. I am not noted as one who wished to bet on the future goodwill of the Soviet Union, but I am in the position as most people are today who are willing to take some risks with respect to the future that we would not have been willing to take a year or two ago, and I think that is called for in view of the current circumstances, but not every risk and not all risks.

As you point out in your statement, an authoritarian government, a government controlled from the center, can very quickly change their directions with respect to military posture and military threats, and certainly I believe, as I think most Americans believe, these events in Europe did not just happen, they are the product of years of patient action by Republicans and Democrats, Presidents and Congress that have had a consistent United States policy over a long enough period of time to produce changes in Europe.

I want to continue to have a position of the United States that will foster and continue the current trends, and not invite somebody to reverse those trends because it would have less cost to them than otherwise would be the case.

NAVY MISSION

I share the statements that some have made, but not to repeat them, I do want to ask this question, however. What is the mission of the Navy today, strategically? Is it for protection, primarily, or is it protecting sea lanes of communication, primarily?

Mr. ARWOOD. Well, we are an island nation and we have historically depended on the Navy as our first line of defense, and it is a major deterrent capability. It is a major offensive capability. It is there to keep the sea lanes open. It is there to protect the shores of this country, and they have done, as you know, an outstanding job.

They become increasingly important as we look at the possibility of land warfare diminishing in Europe and the potential that we

will be withdrawing increasing numbers of forces from Europe, so that the role of the Navy has not significantly changed, and so long as we remain an island nation, I maintain that the Navy would have the same role that it has always had.

Senator McCLURE. I agree with the statements you have made about the increasing role, but I think that the important thing—if, indeed, I understand you correctly, the important thing to keep in mind is that as other things change the role of the Navy changes less.

Mr. ATWOOD. That is correct.

Senator McCLURE. Did I understand you correctly?

Mr. ATWOOD. That is correct, and you will notice that in our submissions the Navy has changed the least.

Senator McCLURE. I noticed that, and I thought it was worth highlighting because I thought that was probably what was behind the posture that I see with respect to the composition of naval forces. I do not mean to start a fight among the services, but that is the way I read what your submission has been.

Mr. ATWOOD. Correct.

Senator McCLURE. Thank you very much, Mr. Chairman.

Senator INOUE. Thank you. Senator Stevens?

Senator STEVENS. Thank you, Mr. Chairman. I apologize for not being here when you started, but let me get to a couple of controversial issues.

DEFERRALS

The deferrals that we are looking at now that both Senator Byrd and Senator Hatfield have asked the GAO to review, I know that my good friend from Hawaii, the chairman, commented on them before I arrived.

Are those really multi-line-item vetoes? Is this a new tactic now, of dealing with congressional add-ons, in terms of having multi-line-item vetoes, to just deal with the changes that Congress makes in the defense budget?

Senator INOUE. To defer them so long that they cannot be effective?

Mr. ATWOOD. I have heard that term used, and I would vigorously deny that that is what that is. I really feel that the deferrals all come under the category of changing requirements or uncertainty in the requirements to the point that we choose not to spend that money at this time.

The two categories that, of course, are there are those deferrals, and about \$800 million of those which are deferrals pending the resolution of what we want to do with the ammunition plants, with the V-22 production or with the icebreakers.

The deferrals of the rest of them, and they constitute about \$1.4 billion, are really in the hands of Congress. We presented to Congress, as part of the budget, a transfer of money from 1990 to 1991 and this is something that Congress has a say in, but we are not trying to issue any pocket veto or anything like that.

Senator STEVENS. But you will agree that the majority of those deferrals apply only to congressional changes in the budget. When you are looking at the vast sealift, the V-22, the other issues that

are here on deferrals, you have not asked to defer items that you submitted that we funded. You asked to defer items that we changed and established different priorities for the country in terms of defense spending, is that not true?

Mr. ARWOOD. No; if I could take exception to that, Senator, they include many items that we included in our budget in 1990. The F-4, the Wild Weasel, the Minuteman II modifications, the OV-10 aircraft, mods, these were all budgeted in 1990 by us, or recommended by DOD, and they have been on the deferred list too, and so it does take into account items of both nature.

Senator STEVENS. Well, on the list of deferrals you have read three that—the aircraft mods, the Wild Weasel, and Minuteman. Three out of all of the deferrals we have were budgeted. The balance were not.

You know, I think you and Secretary Cheney have done an extremely capable job. Your watch is one that is probably going to be historic in the sense of the changes in the Department of Defense, and I for one am most pleased that you are there and that you have assembled a very good team to deal with this period of time when we are going to reduce the—sort of the altitude of this massive arsenal that we have. It is coming down in funding and I am pleased that you are there to help guide this.

But I think that there has to be a bipartisan and an executive congressional agreement worked out on how to do it. It is almost as difficult as the budget summits in which we have participated in the past, and I believe there ought to be a defense summit.

I think there ought to be—people from the administration, both from the Department and from OMB and certainly from the House and the Senate, that have spent a considerable portion of their lives in dealing with defense ought to get together and figure out a way to bring this down, bring this system down with safety to the country and with the savings that the public demands.

It is not going to happen through this deferral concept, because there are many people up here who fear that if you are successful with the deferral strategy on the DOD bill, because of its complexity, that we will next see it in some of the entitlements or other provisions of appropriations bills and it will, in fact, become a multi-line-item veto strategy dealing with deferrals rather than line-item vetoes.

I say to you, as one who does have great respect, as I have said—and that is not blowing in your ear. I am sure you know it, and Dick Cheney knows it, but I believe we do need a coherent executive legislative strategy for dealing with this reduction in the defense budget.

PACIFIC AREA

The chairman and I come from the Pacific. The attention is all focused on Europe at the present time. Somehow or another, I do not take my eyes off of the eastern part of the Soviet Union or of North Vietnam, or the fact that 7 out of 10 of the largest armies in the world are in the Pacific, not in the Atlantic area.

We are coming into a century of the Pacific. I would like to make sure that we maintain our capability to defend our country and

carry out our constitutional responsibilities that you and I and everyone here that has been sworn in has committed to—uphold the Constitution and provide for the common defense.

Now, what can you tell us about the possibility of finding some way to avoid the kind of conflict that has been established—I think has been established—by the deferral strategy?

Mr. ARWOOD. Well, let me talk about the Pacific. As you know, Secretary Cheney is over there and all you have to do is read about what he is running into in the first two countries to recognize he is taking it seriously, and very seriously, over there. We have significant problems in assuring the stability of those operations and what we are doing. He is due in Tokyo. I think he is arriving there today or tonight.

But as far as the deferrals are concerned, let me point out this: the first thing that we did in looking at the 1991 budget and the 4 years after the 1991 budget was to take a look at how much can we get out of our overhead cost, how much can we improve our efficiency and get out of there, and that was step one.

Then step two was to take a look at some realistic programmatic changes. We called them fact-of-life changes. Some people have called it budget scrub. But they reflect changes that are taking place in pricing, changes that are taking place in scheduling.

Then, and only then, did we look at program changes that we could make reflecting as we see the world environment today, but recognizing that it is in a great state of flux, recognizing that we are in negotiations, recognizing there is great instability that exists within the Warsaw Pact, and then finally looked at those items which perhaps should be deferred as the requirements change.

It is interesting to note that in 1991 from what was to be submitted we took out about \$22 billion, and there is only about \$1.4 billion of that which is in deferrals that we would not be spending. I am not trying to minimize it, I am just trying to say that we have taken a big macro look at it and brought it down into those things.

I would hope that these deferrals are not a way of life from the standpoint of stability in the requirements. I hope that is what we see going on—more stability as we go forward. But I assure you, this was not a scheme, Senator, in which we sat down and said, how do we make changes in just what Congress has asked us? That would destroy our integrity. I am sure you recognize that.

Senator STEVENS. Well, I do recognize that, but I also recognize the fact that of the total there is \$123 million that the administration requested be deferred and there is \$2.194 billion that Congress changed.

Mr. ARWOOD. No; I think you are counting the V-22 as one, and that is a stoppage in the long lead procurement of manufacturing that we had requested and put in, and that is only for a period of time. That is not—

Senator STEVENS. OK, that is another \$200 million. I will give you the other \$200 million. There is still \$2 billion to \$300 million. Again, my point is to try and ask if there is not some way to prevent this collision. Again, I like Dick personally.

The Senator from Hawaii and I represent the only two areas that were attacked in World War II. We have, I think, a different

approach to defense than other people around here. Neither one of us come from States that have any systems procurement at all.

We are primarily interested in maintaining the defense of the Nation, and particularly the defense of the Pacific. Now, how can we do that unless we have some impact on the budget as we see it, and as to what is necessary for the future defense of the Pacific?

Mr. ATWOOD. Well, I think your point is well taken, and to that extent I would urge that the one way to do it is that we sit down with you and with the Senator from Hawaii and go over this whole thing before it happens.

Senator STEVENS. I would urge you to do that, because the fast sealift, for instance, in my judgment is absolutely essential for the future of the Defense Department. It is not put in there as some—we do not represent areas that build ships, and I represent the area that is going to be most directly affected by the icebreaker.

Some people look at it as some sort of a boondoggle. In the defense bill for Alaska we will not build that icebreaker, but I think it is absolutely essential to have one with submarine capability to operate in that part of the world, and it would be the only one we have.

Now it has been deferred, and it has been deferred as a congressional add-on, and in my judgment for the future role of the Defense Department, particularly with our linchpin in terms of the submarine strategy, we ought to have that icebreaker soon, and as a matter of fact I am surprised we do not have it yet, and it is one of the deferral items.

Mr. ATWOOD. Could I comment on just that?

Senator STEVENS. I would love to have you do it.

Mr. ATWOOD. Two reasons that I think are behind that: No. 1 is, we do not have the design of an icebreaker that we would want, and, therefore, to go out and commit \$300 or \$400 million on something that is not even designed at this instant did not seem to be practical.

No. 2, there is some question as to whether that ought to be part of the Coast Guard or part of the Defense Department. That is another item, but again, that was not deferred for the money to be used for something else, that was set aside. As you know, that was similar to the V-22.

MILITARY CONSTRUCTION FREEZE

Senator STEVENS. All right. Well, we had National Guard Reserve equipment that was deferred.

Let me ask one other thing, and that is the problem that I have about the deferrals on the military construction. In my State, if you have military construction scheduled and it is deferred for a few months, it is a full year. If the items of military construction are not on the barges when they come north, then they are not going to come up for another year.

Now, has that been taken into account as you have looked at military construction deferrals—the problem of trying to deal with the seasonal aspect of construction in some parts of the world?

Mr. ATWOOD. I have a little difficulty in knowing whether you are talking about the deferrals or the military construction freeze

we put on it, but in either case, let me say that it was not, and it should be, and I will.

Senator STEVENS. Well, I think it is both, but it is particularly the freeze.

Mr. ATWOOD. The freeze is a very serious matter, and that was put in not to stop military construction but to ensure that inadvertently the services did not go ahead with military construction which might impact a base or a location that was later to be closed, but I recognize what you are saying about the seasons, and we will take a look at just that. I appreciate it.

STRATEGIC TALKS AND CHANGES

Senator STEVENS. Well, last—and I have taken a lot of time, Mr. Secretary—I would like to just ask you about the interrelationship between the START talks and the budget changes that we will have to make this year.

When we were in Geneva just before the turn of the year, at the end of last year, and since we have come back now, we are told that in all probability we will have a START agreement by the summit. Is that your assumption, too?

Mr. ATWOOD. We are assuming that we will have some form of an agreement in principle this summer, with the potential by the end of the calendar year of having a signed START agreement. That is the basis upon which we are going, and the same with the CFE.

Senator STEVENS. That will involve a reduction of at least 50 percent in the intercontinental weapons area?

Mr. ATWOOD. Well, I have not assumed anything at this instant, but if it does, that is great.

Senator STEVENS. Well, that is what we were told, was 50 percent. What I am trying to get to is this: will you have for us, while we are still marking up this bill, the changes in the systems that will be brought about by that? Are you trying to quantify that now?

Mr. ATWOOD. We are trying to quantify that. The problem is that before we would have anything in writing we would be at least into the end of the first half of the fiscal year, and what you are looking at is the 1991 budget, and so impact on 1990 would be very, very small. The year 1991 could well be a significant amount, and that is what we would be looking at.

Senator STEVENS. Well, I have never supported these large missiles on the bargaining chip basis. I supported them because I thought they were necessary to protect the country.

Now, if we are going to get an agreement that they are not necessary, I think we ought to find a way to support the other items in the budget that are necessary and to shift as quickly as possible in terms of our expenditure for defense strategy.

Some people are talking about, they want a defense strategy. I want an expenditure strategy. How can we marshal these funds that I think we can get the support for to the areas that are necessary? The Navy, for instance.

FORCE STRUCTURE

As you mentioned, it is going to have a continuing role, much larger, perhaps, than the Army or the Air Force in the immediate future, and I think we ought to marshall those funds in that direction, and we also ought to find some way to marshall fund to Guard and Reserve capability.

Some of these people coming out of the service—and it looks like we are going to have a substantial number of them under anyone's scenario—some of these people would be interested in becoming members of the Guard or the Reserve, and yet the Guard and Reserve is not prepared, under this budget, for any such numbers in terms of acquisitions of material or manpower.

Now, I would like to see us develop an expenditure strategy that we can start implementing this year.

Mr. ARWOOD. We do have a force structure strategy that is being developed now on just that basis.

You will note that the forecast head count reductions for 1991 are very heavily with the Army and very heavily with the Air Force, and to a much lesser extent to the Navy, which only reflect those personnel associated with the ships which are coming out.

As far as the financial strategy is concerned, we are looking at that on a continuing basis, and are already putting our POM process together for the 6-year period after 1991.

Senator STEVENS. Well, I will close with this. Some of my friends that are sitting at this table seem to think that the peace dividend comes by just reducing manpower and reducing systems.

To me, when you reduce those systems, the cost of getting out of production lines, the cost of bringing people home and paying terminal leave and providing all of the assistance that we must, under current laws, give to people who are demobilized is going to be, in some instances, greater than the cost of keeping them where they are right now.

I do not think they have looked at that at all, in terms of the cost of bringing people home, the costs of demobilization of some of those people, the cost of discontinuing production lines.

This budget could well go up, rather than down, if it is not done right. And I know you know that, and the people on this committee who have been here for a while know that.

So I would hope that we would have some strategy that would use these funds in a way that would be fiscally sound instead of just a bunch of meat axes going at the defense budget and ending up with increased costs, rather than decreased costs.

Mr. ARWOOD. I agree with you 100 percent, that the costs could go up as a result of it, if we do not do it right. You cannot take Armed Forces down and do it in a haphazard manner. You will destroy the morale of those who stay.

We do have an all-volunteer service, as you know. These are people who, for the most part, have made decisions to make it their careers, to stay with them 20 years or 30 years.

Because we cannot take people just off the bottom and stop recruiting, we must take a vertical slice off these, then, in fact, we are going to be looking at noncommissioned officers, junior officers, and flag officers who had planned to make this a career.

What you are saying is right. It is vitally important that we handle that in the best possible fashion for their welfare, not just to help them, but so we do not destroy the morale of those who are going to stay in, or those who are coming after. That is extremely important.

One thing I would like to say that comes up recurrently through here, and that is as we do this, it is so important that we do not get into a free fall or a pell mell reduction of all of this. We have to think of why we are where we are. And that is that our military strength, the resolve that we have had over the years, our allies, our alliances with NATO, are what made this all possible.

It created the international stability which permitted freedom and democracy and the free enterprise system to flourish.

I, for one, did not come down here to be Deputy Secretary of Defense to preside over the liquidation of that. And I think it is critically important that we never lose sight of what brought us to what we have.

Senator STEVENS. I said that would be my last comment. I agree with your statement. But I also think we must realize that you and Secretary Cheney are there at a time of a reduction in that profile of defense.

Mr. ATWOOD. That is correct.

Senator STEVENS. And while we are not liquidating the Department, we certainly are going to be reducing its size. And I hope it is done in a way that has some eye toward cost.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator Johnston.

Senator JOHNSTON. Thank you, Mr. Chairman.

Mr. Secretary, first, a comment. I find it very prudent, the plan of the Department of Defense to proceed with the MX rail garrison.

It seems to me when peace has finally broken out and we have reduced our force, as we surely should, and perhaps 50 percent is the proper goal for that—I do not know, maybe that is an interim goal—but that which we retain should be survivable, and clearly rail garrison.

It seems to me we ought to take more missiles out of silos and put them in a survivable mode.

But, in addition to being survivable, they must be affordable. And it seems to me that the Midgetman is just not affordable in today's atmosphere. It is a system not in existence.

I am sure we could design and build an accurate system that works well, but we do not have that now and we do not know exactly how long it would take us to do it. We do have an MX which is highly reliable and tested accurate. It fulfills all of the requirements.

And so I find that putting these existing missiles in the rail mobile context is a very prudent thing to do, and that the administration is on the right track.

I know we will have a tremendous debate on that. There are some who do not want any missiles. They would like to do away with virtually all of them, and certainly any new expenditures.

But I believe that the MX in its present deployment mode is really an attractive nuisance. And it is destabilizing, and the rail mobile is both survivable and affordable.

Now I know you believe that, and I know that is what this administration—I know that is what Secretary Carlucci believed. He resisted going to put money in the Midgetman, and only political realities, I know, required him to do so.

I do not ask for a comment, because I know that that is your official policy. I simply say that to let you know that there is a lot of support up here on the Hill for that view.

Second, I was prepared to make the same points that Senator Stevens did on the deferrals. I will not go over that, except to say that I agree with him completely, and I think it would be appropriate not to abuse this portion of the law in order to do that.

STRATEGIC DEFENSE INITIATIVE

Finally, I do have a question on SDI. There are a number of purposes for which SDI could be designed. I asked this to the Secretary the other day, and I did not have time to get a followup because it was my last question.

But, just to name a few, one is R&D to guard against a Soviet breakout. One is to interfere with the timing of a Soviet attack. One is to guard against accidental launch. One is to protect cities or a command center or missile sites. One is to enhance a first-strike capability. And I know we would not have that as an admitted purpose.

Has the Department decided what is the purpose of SDI?

Mr. ARWOOD. Well, the purpose of SDI probably has not changed dramatically over the past several years. And that is, to provide a deterrence against anyone foolishly sending something over here with the idea that they could pull a surprise and create havoc throughout the country.

It has changed in the implementation over the years, as they have evolved the technology. And where, at one time, we used to engage in vociferous debate about the practicality or the lack of practicality of the SDI system to affect its job, I think all of that technological debate has gone by the wayside.

As you know, the recent study by the Defense Science Board and by the JASON's group have indicated, from a technological standpoint—and I think I quote them directly—they see no showstoppers. There is still developmental work to be done. They do not see a system being viable, to embark on the implementation of a system now.

Senator JOHNSTON. Well, I understand that the JASON study was not as supportive of SDI as it has been cracked up to be.

Mr. ARWOOD. Well, I think I did hear the JASON's report. I did talk with them at considerable length. I think it was erroneously reported as though they supported SDI. That was not the thrust at all.

Their study was to determine from a technological standpoint, is there something there that we are missing that is going to stop this cold, that it would be very foolish to continue?

And they came up with the finding that, no, there are no show-stoppers. Those were the exact words.

Senator JOHNSTON. That we know of at this time?

Mr. ATWOOD. That we know of at this time.

Senator JOHNSTON. That is different from saying that they have confidence that it will work or that it should be built?

Mr. ATWOOD. Oh, quite the contrary, they did not say that it should be built today. They feel that there is more technology development work—that is different from technology invention—but the development of the technology before we embark on the implementation.

Senator JOHNSTON. By the way, can we see the Defense Science Board's report?

Mr. ATWOOD. I do not know why not. It is classified, as you know, but I am sure we can arrange for that, yes.

Senator JOHNSTON. Well, Mr. Secretary, when you say that the purpose of SDI is as a deterrent, that begs the question of what it is designed to deter. Because the attack cannot be successful because it interferes with the timing, or because we are able to protect our missiles, or because we are able to protect the population?

Mr. ATWOOD. It will be able to protect our people and our locations; therefore, an attack would fail.

Senator JOHNSTON. The population?

Mr. ATWOOD. Whatever areas for which we implement.

Senator JOHNSTON. Because when the President first came out, in March 1982 I believe it was, with his SDI speech, he spoke of the Astrodome, of the protection of all people.

Mr. ATWOOD. That was different, yes.

Senator JOHNSTON. That has clearly, fundamentally changed?

Mr. ATWOOD. That has changed.

Senator JOHNSTON. But we are not now told what is the purpose. And it is vitally important that we define that. Because it will determine what kind of technology we suggest that we deploy. I mean if it is only for point defense, we can do that with ground-launched missiles.

Mr. ATWOOD. I think the immediate decision to be reached is in 1992, and we are headed toward a time when a decision could be reached as to the implementation and the degree of implementation of the SDI system.

We are at the point now where, No. 1, we want to prove to ourselves and to the world that, yes, it is practical to go ahead and think about developing a system for it. We are at a point now, whereas, 5 years ago, you will recall, the bitter arguments that it just was not a practical thing from a technology standpoint, to the point where even a group as profound as the JASON's or the Defense Science Board dispute that.

They say it is well on the way to being practical, albeit neither one of them says we should stop now and implement a system. We need more work to be done before we do it, and we are still seeking a decision in 1992.

Senator JOHNSTON. You would not characterize the JASON's report as in any way endorsing the Brilliant Pebbles system or SDI in general would you?

Mr. ATWOOD. No; they were not asked to do that.

Senator JOHNSTON. Nor did they?

Mr. ATWOOD. Nor did they.

It is interesting to note that the people who worked on it from the JASON's group may have disagreed with it politically. I know when I reviewed it with them, they wanted it clear in their report to me that they were not asked to say should they do it from a political standpoint or not.

They were asked to give an answer to the question: Technologically, is there something there that would stop it from being a success? And they could not find anything.

Senator JOHNSTON. They are not saying that these things can be developed or that they would work. They are simply saying that we know of nothing right now, no problem, that cannot be overcome?

Mr. ATWOOD. That is correct.

I would not be quite as negative as your first words implied. They said they did not, at this instant, see a system that they would approve for development. But they did not see anything technically that could not get there.

Senator JOHNSTON. Well, they were quite concerned about the countermeasures, were they not?

Mr. ATWOOD. Yes; they were. But, from the standpoint of the technology, they were reasonably hopeful that it could be overcome.

I seem to be picking and choosing words with you, and I do not mean to. I dispute what was published at one time, that they gave blanket approval to it.

Senator JOHNSTON. All right, one final comment.

I would suggest, and I asked the same thing of the Secretary, and with a little more success with you, but we still have not defined, nor has the Department, what the real purpose—what it is we are really trying to protect. And I think at some point we are going to have to do that.

I guess, basically, what the Department is going to do is wait for the technology and then define the purpose, rather than first define the purpose and then get the hardware for it. Because it may very well be that there is a cheaper way to do it than putting all these things in space if we determine what the purpose is.

OVERSEAS COSTS

One final comment. And that is that we have asked and put in legislation more than once a requirement that the cost associated with the deployment of troops and civilians and dependents overseas be broken out in a way that is understandable.

We have not yet received any breakout with respect to the fiscal year 1991 budget. And this information is vitally important, particularly in light of events in Europe. And I wish you would check on that.

Mr. ATWOOD. I have a very valued asset sitting over my left shoulder. Or at least he was when I last looked, and I think he might undertake such a study for you.

Senator JOHNSTON. I think he left the room.

Mr. ATWOOD. No; he did not, but he will.

I agree with you.

Senator JOHNSTON. Thank you, Mr. Secretary.

Mr. ATWOOD. Thank you, Senator.

Senator INOUE. Mr. Secretary, I have got a few other questions that I would like to ask at this time.

We have spent much time in speaking of savings resulting from reductions in force, termination of projects and the cancellation of programs and such.

I would like to follow up on the thrust of the question that my friend from Alaska put forth. Have you made any study as to the effect it would have upon, say, the cost of morale, as a result of reduction in force, as it relates to recruitment?

And second, have you looked into the possible costs related to unemployment compensation, welfare, and crime?

Can you also share with us the cost of terminating contracts? Let us say that the Congress of the United States decides to not reduce but terminate the B-2 program. What would be the cost of such a cancellation of procurement?

I would like to know these things and if you can provide us with the results of your studies, we would appreciate that. Because I am certain that there are costs involved, as suggested by Senator Stevens.

Mr. ATWOOD. I can make a comment on that. To me, the most serious problem of all, and I do not know quite how to put a cost factor on it, is the impact on the morale of people who had intended at our urging to make military service a lifetime career, who plan to spend 20 or 30 years there and it was a great inducement to them to come in, that if they dedicate their lives to it there are many rewards and benefits that go with it, including those that their family accrues.

To then go back and say if we have to make significant cuts and are not able to do so on a volunteer basis that we would have to offer them incentives and if we do it poorly it could have a very serious impact on the morale of those people who did not leave as well as a recruiting hazard for people coming in, we would no longer be able to hold our head high and encourage a lifetime with the service, which we do now.

I think it would be just devastating if we had to do it in a helter skelter fashion, and that is why we have our FM&P Assistant Secretary heading up a team to make a full analysis of this, not the cost of it, which I think would be devastating, but the impact on our people, the impact on morale to make sure that we do it in an orderly fashion and that we do it so that we minimize the impact on all of these people. I think that is No. 1.

You mentioned the cost to industry. I am not quite as concerned about the cost to industry so long as we have a robust commercial industry. Now I know there are many areas of the country that are very heavily defense oriented, so it will have some impact. We have been talking about that, and we think that there is a robust commercial industry out there. It is fortunately just orders of magnitude better off than the Soviets, who are faced with a very serious problem.

When Akhrameyov and Yazov were over here, they talked about this conversion to peacetime economy. They still make tanks at a rate of about three times what we make them, and they are going

to convert it to trucks. The unfortunate point is they do not have a truck design, they do not have tooling for a truck, and if they did them they do not have the infrastructure to get them to market or a market for the trucks. So they have a very difficult problem.

The advantage which we have is we do have a robust commercial industry. Most of our defense people are in areas that they could find employment and, in fact, with retraining we think it will help the industrial base of our commercial operations. So I do not see a problem there.

Now as far as the cost of canceling a contract, that is different day to day. In other words, if I were to give you a cost to terminate a contract such as the B-2 tomorrow, it would be different from what it was 1 month ago and different from what it would be a month after that. So we really need to take a point in time and figure out the cost of any kind of termination.

Senator STEVENS. Would you yield just a second?

Senator INOUE. Of course.

EARLY RELEASES

Senator STEVENS. Have you looked at the possibility of having an early out for the people who would normally serve 20 years; say, give them an out at 16 or, if they are going to go up to 30 years, make it 25? Have we got those studies ongoing now?

Mr. ATWOOD. Yes; we have. As a matter of fact, Chris Jehn, who is the Assistant Secretary of Defense for FM&P, has been visiting many of the industrial companies, AT&T, General Motors, and Ford, to find out how they did it, and they have had a reasonably successful reduction in their salaried work forces over the past 5 years. They all take it a little differently, but they do just the sort of things that you are talking about, of making and creating incentives for people to retire early or perhaps to defer their retirement to give them some kind of a benefit to retire and their pension pickup at some later date.

All of those have been tried in industry, some very successfully, and those studies are undergoing right now.

Senator INOUE. In line with that question, I have been advised that you are considering seriously providing severance pay to enlisted personnel.

Mr. ATWOOD. It has not come to me if we are, no.

I was just checking with Sean to see if he had heard of something. I have not heard of that.

INTELLIGENCE COMMUNITY

Senator INOUE. We have spent much time today speaking of changes in circumstances, and we use that phrase to describe the dramatic events of recent weeks.

Did any agency or member of the intelligence community in the United States predict a year ago that the wall would be tumbling?

Mr. ATWOOD. A year ago I was not quite a member and privy to that kind of intelligence information, but I do not believe they did. I will say this: no one in the private sector did. I can tell you that.

Senator STEVENS. Well, there was a President who stood in front of the wall and said, "Mr. Gorbachev, tear this wall down."

Mr. ATWOOD. There may have been several Presidents who did that.

Senator INOUE. Does the intelligence community know or is it capable to tell us what the situation will be a year from now?

Mr. ATWOOD. I am not sure President Gorbachev could tell you what is going to take place a year from now, and I mean that not in a facetious vein. I feel that events have happened so rapidly that perhaps even in his wisdom it has happened beyond what he thought might happen.

Senator INOUE. I ask this question in the same serious vein because you have presented to us a budget for this fiscal year and a projected budget for the next 5 years based on the change in circumstances. In working on the project, I, for one, would like to know if there is any information to support such reductions and such changes?

Mr. ATWOOD. That is a very fair question. The one thing that we see most pronounced is that the threat of a massive land war in Europe has been greatly diminished. I say that for two very valid reasons. One is that the reliability of the non-U.S.S.R. Warsaw Pact countries in any land war is now highly questionable. Whether or not they would even participate and, if they did, the degree of precision or amount of contribution that they would bring to it is highly questionable.

Second, it would appear to me that, partly from the indications in the negotiations we have and partly because of the internal strife that is taking place within the Soviet Union itself, the great threat from the Baltic countries, the threat that is taking place in Azerbaijan and Armenia and Georgia, that indeed whether or not the Soviet Union would be in a position to, even with its usual efficiency, take part in any massive land war, I think all of that threat has diminished. I do not think there is any question about that.

We feel secure, therefore, in recommending the termination of programs that we have sufficient inventories on that we see that are leading toward those type wars which would not be applicable in other areas of the country. It is based on that, including the reduction of our forces, the Army and in some cases the Navy, that we have forecast.

We have not, however—and I repeat, we have not—included any major detractions in the strategic nuclear deterrent capability because, in spite of what I just said about the Warsaw Pact countries and in spite of what I see within the Soviet Union, they still possess this awesome capability to destroy us within minutes if they so choose.

Senator INOUE. They are still continuing their production?

Mr. ATWOOD. Yes; they are still continuing their modernization of their strategic weapons.

Senator INOUE. We have heard a lot about dictators being ousted and new governments put in place. Have any of the generals in the Soviet military been purged or fired?

Mr. ATWOOD. No; they are speaking quite openly now, and what they speak openly of is the concern they have for the morale of their troops, for the loyalty that they see in some of the Warsaw Pact countries, and the role that the military is playing within the

present Soviet regime. I have not heard of the Soviet officers being purged.

BASE CLOSINGS

Senator INOUE. Mr. Secretary, every member on this panel has had something to say about deferrals, and so it should be obvious to one and all here that the matter of deferrals will be a very contentious issue before us this year.

I would like to suggest that there is another rather contentious issue before us, and that is the matter of base closures. I say this based upon the experience of last year. I realize that the Secretary in submitting this budget did not close any bases. He submitted candidates, and this is part of the process, I believe, that he is required to go through. Now from this stage the Department will be looking to the socioeconomic factors, the cost factors, et cetera.

Finally, the third step would be to come forth with a decision, and if it is affirmative the decision will be reflected in the budget: close base X, therefore cut out so much.

How can communities provide an input at this stage? Now with the Base Closure Commission you had a formal procedure where communities involved could go before the commission to give their thoughts. Now at this stage where the candidates have been announced, what can the communities do? I am asking this because several of my colleagues have already come up to me wanting to know how can they respond to their constituents.

Mr. ATWOOD. There are two general approaches to this. Your description of the process is exactly right. I would add that there are many bases that are listed on here that are not being closed but that there would be some consolidation of activities and realignment of people and realignment of functions.

Senator INOUE. But 35 are scheduled for closing; is that right?

Mr. ATWOOD. That is right. Now we will be doing both an environmental impact study, in which obviously local people have to be involved. We will be doing economic impact studies to determine what happens in the local community when we do it and what happens to the people.

Senator INOUE. You will have a formal procedure on this?

Mr. ATWOOD. Yes; we are evolving the technique now whereby we will be talking to all of those people there. One of the groups that we hear from are those who are employed and want to continue to work and they want to know about opportunities in other areas. Another is people who are retirees who say, well, if you do this you have eliminated a hospital care capability that I go to now. This would impact the retirees; or I would have nowhere to go for my benefits out of it.

So all of that has to be taken into consideration. We will undoubtedly be talking to many people who are in the local communities, people who are either retirees who formerly worked there or people who work there even now. So there will be plenty of opportunity for them to be heard. I suspect that in Congress you may be hearing from them yourselves.

FIVE-YEAR DEFENSE PROGRAM

Senator INOUE. In your presentation, Mr. Secretary, you have indicated that over a period of 5 years DOD's spending will be reduced by \$167 billion. You have in your presentation identified \$54 billion but you have not identified \$113 billion to come in the future. I gather you are having a POM study now which would address this \$113 billion.

Will the results of that study be made available to us?

Mr. ATWOOD. We have to provide a 5-year defense plan [FYDP] to you. [Pause.]

I just wanted to check, because we will be providing the top line to you. I used the bottom line earlier. We will be providing the new top line to you as a result of this, but the POM process itself is internal, and it will be next January before we provide you with a full update.

Senator INOUE. Well, we would like to get some information as soon as possible before our markup, at least, because your findings may have an impact on what we do this year. Obviously, without seeing the results of the POM study some of the requests being made here would be within the next five years cut out.

Mr. ATWOOD. That is correct. Of course, we will be submitting next January the 1992 budget, which was the first year of the POM, but we will be the ones who first of all will be coming back and volunteering if there is to be any change.

Senator INOUE. If cuts are going to be made to the requests that you are making now, we would like to know so that we can assist you in cutting them now.

Mr. ATWOOD. I understand, and we should be very candid with you as to the results of our POM studies and what impacts we see in the years coming out and as they would impact 1991.

FORMER JCS CHAIRMEN TESTIMONY

Senator INOUE. Senator Bumpers referred to the three former chairmen of the Joint Chiefs, all of whom are distinguished and patriotic officers, the third one being the most recent, Admiral Crowe, in unison recommending that the rail garrison MX and the small MX, the Midgetman, be canceled.

I do not know what the Congress will do, but I would almost predict that we would have to make a decision on one or the other. Is it possible for the Department to tell us at this juncture which one you would prefer?

Mr. ATWOOD. Yes; of course, at this juncture we have told you we prefer both, and we have not been posed with the question of having only one; therefore, that hypothetical question has not been asked of us.

Senator INOUE. I do not think it would be hypothetical. I would suggest that you prepare yourself for that question because someone will ask you that question before the markup, and it would be extremely helpful to me as chairman of this committee to know what the Department would prefer.

Mr. ATWOOD. Depending upon when the markup starts, somewhere between May and September I think I heard the figures.

Senator INOUE. Well, you can count on June.

Mr. Atwood. We will have a better feel as a result of the discussions that are going on in START and the discussions going on in CFE and our own studies. So we will be in a much better position to give you an answer.

Senator STEVENS. We will have some questions for the record, Mr. Chairman.

I think the chairman is correct. We will wait for the outcome of the summit, but it seems to me we ought to be marking up after that. We are out of session, I understand, in August, and I know of no plans yet for postelection session. So that means it has to be June.

MEMORANDUM FROM SECRETARY CHENEY

Senator INOUE. The following memorandum from Defense Secretary Cheney on environmental management policy is included in the permanent record of the committee.

[The memorandum follows:]

MEMORANDUM FROM SECRETARY OF DEFENSE CHENEY

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

10 OCT 1986

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: Environmental Management Policy

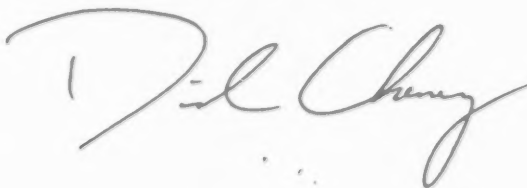
This Administration wants the United States to be the world leader in addressing environmental problems and I want the Department of Defense to be the Federal leader in agency environmental compliance and protection.

Federal facilities, including military bases, must meet environmental standards. Congress has repeatedly expressed a similar sentiment. As the largest Federal agency, the Department of Defense has a great responsibility to meet this challenge. It must be a command priority at all levels. We must demonstrate commitment with accountability for responding to the Nation's environmental agenda. I want every command to be an environmental standard by which Federal agencies are judged.

The first priority of our environmental policy must be to integrate and budget environmental considerations into our activities and operations. This will decrease our future liabilities and costs for our people. The effort begins and ends with our people. We need the right people at the right place with the right training.

It is also extremely important that we communicate clearly what we are doing to address our environmental concerns. We need to work harder at telling our environmental success stories and solving our problems in an open, cooperative way with the public and also appropriate regulatory authorities. The universal recognition of effective DoD environmental compliance and stewardship activities is the surest way to maintain our access to the air, land, and water we need to maintain and improve our mission capability.

We must be fully committed to do our part to meet the worldwide environmental challenge and I know I can count on your support to ensure that we are successful in that effort.



C/G4

KEY PROGRAMS IN THE FY 1991 DoD BUDGET

(Current \$ Millions)

	<u>DOLLARS</u>	<u>QUANTITY</u>
Counternarcotics Program	1,208	-
B-2A Bomber	5,536	5
SDI Program	4,471	-
PEACEKEEPER/Rail Garrison	2,836	12
Small /CBM	202	-
TRIDENT Submarine	1,453	1
TRIDENT II Missile	1,746	52
SSN-21 Attack Submarine	3,669	2
DDG-51 AEGIS Destroyer	3,681	5
C-17A Aircraft	2,717	6
F/A-18 HORNET Aircraft	2,123	66
F-16D FALCON Aircraft	2,973	150
Chemical Demilitarization Program	431	-
Environmental Restoration	817	-
Dedicated Equipment for Guard & Reserve	455	-

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUE. Mr. Secretary, I have something like 20 pages of questions here. If I may, I would like to submit them to you for your consideration, study and response.

Once again, on behalf of the committee I thank you very much for your appearance with us this morning and for sharing your thoughts. I know that this is a difficult time for your agency, but I am certain it is in able hands, and we will continue to seek your advice and counsel as we proceed in this process.

So I thank you very much, sir.

Mr. ARWOOD. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUE

SCIENCE AND TECHNOLOGY INVESTMENT STRATEGY

QUESTION. Mr. Secretary, the Pentagon has yet to complete an ongoing assessment of future priorities for funding research and development programs. DoD is trying to identify long-range goals and an investment strategy for military capabilities needed 15-20 years from now.

Is it fair to assume that this assessment -- once completed -- might suggest significant changes to the fiscal 1991 budget request now before Congress?

ANSWER. A draft Science and Technology (S&T) Investment Strategy document which reflects comprehensive strategic planning on the part of the entire DoD S&T community, has been completed. Key to the development of the strategic planning process is the formulation and communication of a collective set of twelve long range goals. The long range goals provide a vision of military capabilities 15 to 20 years in the future attainable through investment in S&T.

The strategy document identifies approximately 200 technology objectives which are consistent with the direction of the 1991 budget request, and are oriented toward the attainment of the long range goals. Accordingly, we do not anticipate significant changes in the S&T portion of the budget request now before Congress.

QUESTION. When will this science and technology investment strategy be completed? How do you intend to incorporate its conclusions and recommendations into the fiscal 1991 budget request and the fiscal 1992-96 five-year defense program now being drafted?

ANSWER. The initial draft Science and Technology (S&T) Investment Strategy document is currently in coordination within DoD, with a target publication date of around April 1, 1990. This document presents twelve long range military capability goals. With the completion of the joint S&T Investment Strategy, an in-depth analysis of the strategic goals will be continued. In future years it is intended that this analysis be used to more coherently identify those technologies most important to the long term superiority of US defense.

QUESTION. The Chairman of the House Armed Services Committee has recommended we change our R&D investment strategy. He suggests we develop certain technologies through the early prototype stage, and then place them "on the shelf" for later, full scale development and procurement only if needed. How would you suggest we evaluate and implement such a proposal? Do you think such a plan can save defense dollars in fiscal 1991 and the future?

ANSWER. Technology is a perishable commodity, particularly in defense applications. Furthermore, we view the major purpose of the Science and Technology Program is to provide technology options for system development. Accordingly, a more proper approach would be to continuously develop and demonstrate new technology, but only commit to full scale development when factors such as changes in

the threat, agency equipment and significant technological advances make it prudent to modernize the forces. Such a proposal would save little if any FY1991 funds, because only those full scale development programs which have been determined as absolutely essential are being pursued.

Aircraft Review of the B-2, C-17, ATA and ATF

QUESTION: Can you tell us what the goal is of this review; are you seeking future budget cuts by cutting production of one or all of these planes or by terminating any of them?

ANSWER: Our goal is to conduct a thorough review of these four programs in preparation for formulation of the FY 92 Budget request. We are examining what aircraft capabilities the United States needs that are not provided by currently produced aircraft, the extent to which our new aircraft programs will provide those capabilities; and fiscal and acquisition strategy considerations, including cost, schedule and performance.

QUESTION. Secretary Atwood, the B-2, C-17 and ATF programs have experienced or continue to experience schedule delays. Can you comment on the impact of technical problems on your fiscal year 1991 budget request for these programs?

ANSWER. Our FY 91 Budget request was based in part on each programs' technical and schedule performance when the budget was submitted. Our Defense Acquisition Board is responsible for making specific program recommendations when a major program has a slip in the approved schedule or a breach in the required capability. The major aircraft review has been structured to be complete in time for our review of the Service's program in the fall. Since submitting the FY 91 budget, Mr. Cheney has said the he will work with Congress on budget adjustments as your efforts to enact the FY 91 Department of Defense Appropriation Bill proceed. Program decisions resulting from these ongoing reviews will be available to the Congress.

Aircraft Review of the B-2, C-17, ATA and ATF

QUESTION: Noting the previous delays, what confidence do you have that these programs will be able to stay on schedule, with no additional technical problems?

ANSWER: Program schedules are highly dependent on finding technical problems early enough in the program to resolve them prior to causing a schedule delay. We are presently not aware of any additional problems of the kind previously experienced.

QUESTION: Mr. Secretary, both the ATF and C-17 programs requirements were based on a conventional war in Europe. Considering the reduction in the Soviet and Warsaw Pact conventional threat, is there still a need to build the C-17 and ATF aircraft?

ANSWER: This type of question is at the heart of the major aircraft review. I cannot predict the results.

QUESTION. Do we still need to buy 750 ATF fighters and 210 C-17s?

ANSWER. The approach we have taken regarding the ATF is that the aircraft decision can be separated from the force level decision. The review is looking at our air superiority fighter requirements and will evaluate several alternative designs to meet those requirements. We believe that adjustment to the force level should not be made until we have made more progress toward parity with the Soviets. In any event air superiority will remain the highest priority of our tactical air forces so major changes in the inventory dedicated to this mission are not anticipated. The C-17 review is addressing both quantitative and qualitative requirements within an affordability context.

QUESTION. We recognize that the need to reduce costs will cause a reduction of current force levels, but, we wonder, after the reductions are made, will we have the force structure to justify the requirement for all these new acquisition programs?

ANSWER. We hope to reduce costs where real threat reductions allow. Once again, this is a primary thrust of the individual reviews and after the leadership of the Department has had adequate time to review and assess the final report, we will be in a position to provide further information.

TRIDENT SSBN PROGRAM

Question: The fiscal year 1990 Defense Appropriations Act restricts the obligation of advance procurement funds for Trident submarines until the Secretary certifies that the acquisition of additional submarines is consistent with our arms control negotiating position. I understand you have requested another Trident submarine in your budget request, but we have received no such certification. What are your plans for responding to this requirement?

Answer: Secretary Cheney signed the certification on February 26, 1990. A copy has been forwarded to the Senate Appropriations Committee.

STRATEGIC NUCLEAR PROGRAMS

Question: Mr. Secretary, to date the Defense Department has failed to specify how many Trident submarines are planned for production. Can you tell us what the total planned production will be, and whether you continue to procure them at one per year?

Answer: As we have noted in previous discussions, the policy of the Department of Defense has been to defer determining the ultimate size of the Trident force until it feels confident that U.S. negotiating objectives in START would not be undermined by premature commitment to a hypothetical post-START force structure.

This year, the President is requesting funding for procurement of the 18th Trident submarine. All reasonable post-START forces that we have considered contain at least this many submarines, plus an additional two to three in overhaul, which would be exempt from accountability in START.

START can accommodate a range of possible post-START SSBN force structures: it is important to note that START does not place direct restrictions on the number of deployed SSBNs. The focus of START is in limiting deployed nuclear weapons with each side

being allowed 4,900 ballistic missile warheads. The 4,900 sublimit restricts SSBN force levels indirectly based on the number of accountable warheads on each submarine. In any event, the force structure we choose will not cause us to scrap any of the Trident SSBNs now in construction, or the submarines being requested in the President's FY 91 budget. We do not intend to request funding for any Trident SSBNs above the levels which we could accommodate under a START agreement.

We feel it is important to maintain our current procurement rate of one SSBN annually. Given the concurrent retirement of Poseidon SSBNs, SLBM RVs at sea will decline to levels well below our current level by 1999. A slower Trident procurement rate would exacerbate the loss of capability that our SSBN force will suffer during the additional years we would be required to wait for completion of the Trident force. Trident construction requires a long lead time of seven years. Boats authorized and appropriated in FY 91 will not be ready for deployment until 1998. US warheads based at sea represent our most survivable systems under all conditions of strategic warning. Continuity of target coverage, as well as strategic stability considerations, dictate that we modernize our SLBM force as early as possible. In addition, stretching the Trident procurement program increases the unit cost of each SSBN. At a rate of one ship every two years each Trident procured after FY 91 would cost \$180 M more, cost of the FY 91 hull would increase by \$90 M, and costs associated with all FY 90 SSNs and SSBNs constructed at General Dynamic's Electric Boat Division would increase by \$50 M.

TRIDENT SSBN PROGRAM

Question (#12): The current five year plan included production of one Trident per year. This would give us at least 21 ballistic missile submarines, counting as 4,038 warheads (not counting the existing Poseidon fleet). Considering that START will limit total warheads to 6,000, how do you justify the decision to continue annual production of Trident submarines? and;

Question (#13): At what point do you believe we need to stop producing one Trident per year?

Answer: As we have indicated in previous discussions, the position of the Department of Defense has been to defer an announcement of a definitive post-START force structure until after a START agreement is finalized. The precise mix between SLBM and ICBM warheads within the 4900 ballistic missile warhead ceiling is currently under review.

It is important to note that START will place no direct restrictions on SSBNs; in theory, the U.S. could deploy virtually as many SSBNs as we could afford. The 4900 sublimit restricts SSBN force levels indirectly based on the number of accountable warheads on each submarine. The adequacy of the prospective size of the U.S. SSBN force depends upon the nature of any future Soviet ASW threat. Today, U.S. SSBNs -- both Poseidon and Trident -- are virtually invulnerable once deployed to the open ocean. As an insurance measure, however, the Administration is considering measures which would allow us over the life of a START agreement to modify our sea-based nuclear forces, if unforeseen circumstances require, by reducing the concentration of warheads on each Trident SSBN. In Geneva, the U.S. has

tabled a proposal which would exempt from accountability under the 4900 sublimit up to three SSBNs in overhaul.

This year, the President has requested funding for the 18th Trident submarine. With the overhaul exemption, only 15 of these Tridents would be accountable under START for a total warhead count of 2880. A force of 21 Tridents, as proposed by your question, would constitute a force of 3456 accountable warheads. Both of the above warhead attribution figures assume a configuration of 8 RVs per missile -- a provision which is also currently under review. The option to download RVs on SLBMs would further increase the force alternatives permitted under START.

In short, we feel confident that we have not yet attained or exceeded our ultimate Trident force goals under START. The Department will define the remaining START force structure parameters when it feels confident that U.S. negotiating objectives would not be undermined by premature commitment to a hypothetical post-START force structure.

STRATEGIC MODERNIZATION

Question: Mr. Secretary how do you reconcile the plan to buy 132 B-2 bombers, 50 MX missiles, hundreds of Small ICBMs and cruise missiles and the Trident submarine when the START treaty will set limits of 6,000 warheads?

Answer: The Administration's arms control proposals and strategic force modernization effort are mutually reinforcing. Under the agreed central limit of 6,000 warheads, a force mix including all of the systems you note in your question is both permitted and desirable. The U.S. position in START was crafted to permit the introduction of modernized U.S. systems into the force as aging U.S. systems are retired.

CIVILIAN PERSONNEL

Question: The Department has provided a great deal of information indicating that National Defense is a decreasing part of the budget. Military personnel will be again reduced, making a total decrease of 91,000 from the FY 1988 base. The one area which does not seem to be declining is the level of civilian personnel.

Mr. Secretary, given the other reductions, and the current emphasis within the Department on Management Reform, why does the budget not include more significant adjustments for civilian personnel?

Answer: The Department does anticipate significant reductions to its civilian work force as a result of significant changes in our military force structure. The President's DoD budget request for FY 1991 identifies a DoD civilian work force of approximately 1,096,000 spaces, which includes a reduction of almost 8,000 spaces as a result of Defense Management Report initiatives. There is an additional 10,500 civilian space reduction planned for fiscal years 1992 through 1995.

These are net reductions which do not include the over 19,000 military to civilian substitutions which will occur over the same period of time. These military to civilian substitutions are included in the military savings that you referred to in your question. The substitution effort will allow the Department to substitute less costly civilian manpower for more costly military manpower.

In addition, many pending DoD policy and management decisions will also affect civilian manpower requirements. These pending decisions include Conventional Forces, Europe (CFE) negotiations, base closure proposals, and other consolidation proposals in the Defense Management Report.

Question: Historically the Department has employed 1.5 civilians for each active military end strength. Why is the projected reduction in civilians so much less than the proposed decline in military personnel?

Answer: There is no fixed correlation between the numbers of civilians, active duty personnel, and selected reserve personnel. While some direct support activities undertaken by civilians are influenced by the size of the active force, many governmental and other functions are not. Basic governmental functions such as requirements definition and acquisition planning must be carried out by government personnel. The size of the civilian work force is determined by mission requirements and funded work load. Over the past decade, the assignment of new missions (e.g. strategic defense initiative, INF monitoring, and drug interdiction) along with expansion of oversight responsibilities in the areas of acquisition reform, internal audit, and joint medical activities and work load increases in the areas of force modernization, procurement, depot maintenance, and base operations have accounted for significant increases in civilian manpower. These increases coupled with a very progressive civilianization effort have influenced the size of the current civilian work force.

The recent reductions in military end strength are based on current and anticipated military force structure changes that have little impact on civilian support requirements. Defense Management Report (DMR) implementation and work load adjustments resulted in a small net reduction in the civilian work force in FY 1991. These levels will be further adjusted in FY 1992 and the out-years to reflect implementation of base closures, further force structure changes, and final decisions on DMR implementation.

Even though the Department does not rely on the ratio of military to civilian manpower as an indicator of

appropriate manpower mix, I would note for the record that the recent ratio is about one employed civilian for every two active military personnel.

Question: Other Departments are required to manage civilian employment and comply with limitations on civilian end strength levels. Why should the Department of Defense be exempt from these limitations?

Answer: The Congress removed DoD civilian end strength ceilings in FY 1985 after the Department showed that it could manage its civilian work force using funded workloads and mission requirements as the basis for determining civilian manpower requirements.

Prior to that time, the Department had operated under civilian end strength ceilings. At the end of each fiscal year, the Department had to fire thousands of temporary civilian employees in order to accommodate civilian end strength ceilings. The temporary employees were then rehired after the start of the new fiscal year to complete the work they had to do. One year, the Department had to fire and then rehire over 60,000 temporary employees. The lifting of statutory ceilings eliminated these inefficiencies.

In order to improve the overall management of the entire Department, the DoD is moving toward a cost per unit of output measure as a way of allowing DoD managers at all levels to have full visibility of costs, workloads, and past performance measures on how well they managed their organizations and projects. Under this new concept, DoD managers will have a better understanding of how to use the most cost-effective mix of resources to accomplish their assigned missions.

CHAMPUS FUNDING

QUESTION: How confident are you that the \$3 billion requested by the Department for CHAMPUS FY 91 will, in fact, fully fund the program?

ANSWER: The FY 91 budget request fully funded CHAMPUS against the best estimate of the requirement. The Department re-evaluates budget estimates frequently and periodically in order to have early notice of any adjustment to the requirement.

QUESTION: Is the Department proposing any new programs in FY 91 which might have the effect of lowering CHAMPUS costs--any change in benefits, for example?

ANSWER: The Department is planning no changes to the benefit as an approach to reducing CHAMPUS costs. The Department does plan to continue with enhancements to its current cost containment initiatives: payment reforms; direct care support programs; quality and utilization management programs; and its three major managed care models, to include the expansion of the CHAMPUS Reform Initiative.

COSTS ASSOCIATED WITH THE DEVELOPMENT OF A PROFESSIONAL ACQUISITION CORPS WITHIN DOD

QUESTION: Secretary Atwood, the "Defense Management Review" (DMR) identified \$2.3 billion in "savings" targets for Fiscal Year 1991, and the potential for cumulative savings of \$39 billion through 1995. These savings are attributed to personnel reductions, organizational streamlining, and other anticipated management efficiencies. At the same time, the Department is proceeding with plans to develop an acquisition corps of military officers and civilian professionals with specialized training, attractive career paths, and other incentives to increase professionalism within the acquisition-related fields.

What additional costs are associated with the development of the professional acquisition corps, and how will they offset the "savings" claimed for Fiscal Years 1991-1995?

OSD(C): The additional costs associated with our Acquisition Professional Development Programs are as follows:

(Dollars in Millions)

FY 91	FY 92	FY 93	FY 94	FY 95
18.0	34.0	38.1	41.4	44.4

These costs increases are included in the Air Force's \$10.9B DMR saving estimate. However, the initial projected costs are based on our best estimate of the number of full time career acquisition personnel and resources required to affect DMR changes. As we continue to refine our requirements and obtain legislative authority to sponsor advanced academic degrees for civilian employees, the initial cost estimate may require adjustments.

ARMY: The Army Acquisition Corps addresses that portion of the Defense Management Review concerning development of a dedicated corps of acquisition specialists. In so doing, it complies with Public Law 99-145 and Draft DoD Directive 5000.52 which establishes specialized training and development requirements for specific acquisition positions. The Army concept provides for the selection of military and civilian candidates into a pool and developing them in accordance with the Public Law and DoD guidance. Only the individuals who have undergone this specialized training and development process and attained certification status will be eligible to fill critical acquisition management positions.

The immediately identifiable cost associated with this program is in the area of training centered around Advanced Civil Schooling and Program Management Training. On the military side, the Army has projected 211 officer starts in graduate level civilian schooling each year (92-95) at an anticipated annual cost of \$2.5M. This does not include military salary which is funded separately. 134 officers are projected to attend the Program Managers Course annually at a cost of \$1.1M. On the civilian side the Army expects to program 150 civilians into long term training for the purpose of attaining an advanced degree. (This requires specific legislative relief). Projected annual cost, if legislative relief is obtained, is \$10 million per year and includes civilian salary as well as school tuition. This is presently unresourced. 150 civilians each year are projected to attend the Program Management Course with an annual cost of \$1.24M. Administrative cost for the management of the Army Acquisition Corps is projected to be \$2.0M per year.

NAVY: Development of the Department of the Navy's acquisition corps is largely being accomplished by building upon existing programs, but career management resources will be focused more intensely on this corps. For example, directed education and training course requirements are being pursued by both military and civilian members of the corps who will take priority over others not in the corps who previously might have attended. While some additional cost may be necessary to fully develop the acquisition corps, this will not be a significant offset to savings projected through FY 1995.

PROFESSIONAL ACQUISITION CORPS

QUESTION: According to the January 1990 DMR Implementation Progress Report, the military departments have developed plans for career acquisition officers. Improvements in the civilian workforce have also been planned. What is the Department's timetable for implementing these changes?

OSD(C): The improvements in the civilian workforce identified in the DMR are all being worked at the OSD level. All additional service recommendations for personnel changes were submitted as part of the legislative package to the Marsh Task Force.

ARMY: The Army has laid the groundwork to establish the Army Acquisition Corps, a pool of highly qualified military and civilian professionals to fill critical acquisition positions. Career fields from which the Acquisition Corps will be drawn have been determined, and

critical positions have been identified that require the education, training and experience specified in Public Law 99-145 and Draft DoD Directive 5000.52. Qualification Validation Boards have been held to screen and records of each military officer who previously held the Material Acquisition Management specialty to determine whether or not they meet the criteria for certification required by the Public Law and Draft DoD Directive. Military officers who met the criteria are now being accessed into the Acquisition Corps.

By May 1990, civilian incumbents will be evaluated to determine whether they meet the Public Law and Draft DoD Directive requirements. Those who meet the criteria will be certified; those who do not will be provided the opportunity to meet the criteria or will be assisted in reassignment to other positions. Waivers will be considered in consonance with the Public Law and Draft DoD Directive.

By June 1990, an organization will be established within the U.S. Total Army Personnel Command that will be dedicated to the management of personnel in the Army Acquisition Corps. Plans will be developed for each career field that will specify formal training and job assignments required to develop technical and managerial expertise. By October 1990, selection of civilians into the Acquisition Corps will be underway.

Although much progress has been made, detailed plans and policies are still being formulated to successfully launch this effort. To demonstrate the commitment of the Army leadership to this important program, a General Officer has been appointed by the Army Acquisition Executive to guide and direct the implementation of the Army Acquisition Corps.

NAVY: The Department of the Navy has already begun the process of establishing its military and civilian acquisition career program, known as the Materiel Professional (MP) Program. In February of this year, the Chief of Naval Operations issued a message that announced the establishment of the program. Both military and civilian positions are currently under review to determine those to be included in the program. Additionally, acquisition management curriculum is being established at the Navy Post Graduate School. The Navy instruction which formally establishes the MP program is near completion and will be published by the latter part of May 1990. Full administrative implementation is expected to be completed within one year of publication.

QUESTION: Has the Department identified changes to the current federal personnel system necessary to implement these initiatives? Will additional legislation be required?

OSD(C): Air Force recommendations for personnel changes were submitted as part of the legislative package to the Marsh Task Force.

ARMY: The Army supports the legislative initiative submitted by Secretary of Defense short titled "Defense Management Improvement Act". Under current law, (5 U.S.C. 4107(c)), DoD is barred from paying for training the sole purpose of which is to permit an employee to obtain a degree. The Army requests that this law be amended, as requested in H.R. 2544, to permit expanded opportunities for the education and training of its civilian acquisition personnel. Without this authority the Army will not be able to assure equal developmental opportunities for civilian acquisition specialists. This will greatly impair its ability to improve the quality of the acquisition workforce.

NAVY: Implementation of DMR initiatives is well underway and can be accomplished under current federal personnel system provisions. However, to enhance management flexibilities, a set of personnel legislative proposals has been developed as a separate product of the DMR. These, combined with the Administration's Pay Reform bill and House Resolution 2544 (Pay for Degree legislation) will provide additional flexibilities in hiring and retaining a professional, high quality acquisition workforce.

Corporate Information Management

Question: In light of DoD's ignominious record of computer system hardware and software development efforts in the past, why should Congress expect any different performance from DoD in this effort?

Answer: The Department of Defense established the Corporate Information Management initiative in October 1989 to assess key functional areas in both business and technical areas within the Department to improve business processes and reduce redundant information systems. The CIM effort will seek to eliminate unnecessary redundancy, to identify and implement management efficiencies throughout the information system life cycle, to develop common data requirements and formats and to eliminate redundant multiple information systems that support the same functional requirements. This is being implemented through functional (business) area groups. The groups include Services' and Defense Agencies' policy experts, subject matter specialists, functional operation specialists, and information systems specialists. These groups will develop concepts for improving business practices that may result in increased management efficiencies. They will identify and develop standard functional requirements and data formats for their areas, using a

disciplined methodology to produce specifications for a single standard information system to support their functional areas DoD-wide. Their product will be a set of standard functional requirements that will be used in developing a standard information system that supports their respective business areas. The underlying premise of this effort is that information systems must be based on overall DoD-wide requirements rather than on individual Services' or Agencies' needs. From this perspective, their efforts represent a major change in DoD information systems planning processes.

Given the Department's high level of commitment and well-developed business plan, our expectations for achieving positive results from this initiative continue to be high.

Question: Secretary Atwood, the estimates for Defense Management Report initiatives project gross savings of \$288 million in FY 1991 as a result of the Corporate Information Management system. Would you please enlighten the Committee with some specific examples of how DoD will achieve these savings.

Answer: The anticipated savings will be achieved by reducing or eliminating ADP-related modernization and development efforts that support the same functional requirements. The functional areas selected for review under the CIM initiative include: Civilian Payroll and Distribution which convened in December 1989; Financial Operations scheduled for March 1990; Materiel Management and Civilian Personnel now scheduled for April 1990; and Medical and Contract Payment planned for May 1990. Ultimately, all administrative areas in the DoD will undergo the CIM process.

Question: Projected savings by the Army and the Navy over the five year period are almost twice the amounts projected by the Air Force. Why is the Air Force share of the savings so much less than the other services?

Answer: Projected savings by the Military Departments over the five year period are as follows:

Service	Savings (\$M)
Army	1,218.0
Navy	1,217.9
Air Force	894.0
Total for Military Departments	3,329.9

Projected savings are based on cost avoidances in information systems supporting the initial functional areas covered by the Corporate Information Management groups. The Department plans to suspend new systems development, modernization, or redesign of existing systems for the functional areas unless the actions are consistent with the Corporate Information Management standardization objectives.

The Air Force information technology budget submission includes several high-priority command and control programs. Command and control programs are outside the initial scope of the Corporate Information Management functional groups, so their costs are excluded from projected Corporate Information Management savings.

Question: Secretary Atwood, you plan to consolidate the civilian payroll system in DoD. Does this mean that all civilian payroll systems in each of the services will be exactly the same? How will this differ from the current civilian payroll systems in each of the services?

Answer: Under the Corporate Information Management (CIM) initiative, a CIM functional group in Civilian Payroll was established in December 1989. There are currently 27 automated civilian payroll systems in the Department of Defense. The CIM Civilian Payroll functional group will develop concepts for improving business practices that may result in increased management efficiencies for the civilian payroll functional area. The functional group will identify and develop standard functional requirements and data formats for their areas using a disciplined methodology. Their product will be a set of standard functional requirements that will be used in developing a single standard information system to support the Civilian Payroll functional area DoD-wide.

QUESTION: Mr. Atwood, DoD's July 1989 Report to the President places with your office the responsibility for ensuring full implementation of DoD actions under the "Defense Management Review." Reforms associated with the Office of the Under Secretary of Defense (Acquisition) (USD(A)) include issuing direction to the Secretaries of the Military Departments on their acquisition responsibilities and reflect what has been called a fundamental "cultural" shift in acquisition management.

Has any real progress been made in integrating the acquisition efforts of the Military Departments?

ANSWER: We have taken several steps designed to better integrate DoD acquisition management:

- We have established the Defense Contract Management Command under the Defense Logistics Agency to integrate the contract administration functions of the DoD
- We are revising and consolidating acquisition policy guidance, beginning with DoD Directive 5000.1
- We have a number of studies underway, which are examining consolidation of functional areas such as depot maintenance, R&D laboratories, and test and evaluation facilities
- All three Military Departments are in the process of establishing a dedicated acquisition corps
- We are developing a DoD-wide acquisition education, training, and career development policy

QUESTION: In light of the recent "Defense Management Review" results, what changes have you seen in the relative roles and substantive responsibilities of the Deputy Secretary of Defense and the Under Secretary of Defense for Acquisition in relation to (1) the Secretary of Defense, (2) the Service Secretaries, and (3) Service Acquisition Executives?

ANSWER: The Secretary and Deputy Secretary of Defense are charged with the overall leadership of the DoD. The USD(A) is responsible for policy, administration, oversight, and supervision of acquisition matters DoD-wide and will be expected to discipline the acquisition process through rigorous Milestone reviews by the Defense Acquisition Board (DAB).

With regard to enhancement of USD(A) authority, the new USD(A) Charter, DoD Directive 5134.1, signed on 8 August 1989, implements the provisions and direction of the DMR. It authorizes the USD(A) to make Milestone decisions and substantially strengthens the ability of the USD(A) to improve the efficiency and effectiveness of the DoD acquisition system. In this regard, the USD(A) has the authority to direct the Service Secretaries on acquisition matters. The USD(A) works closely with the Service Acquisition Executives (SAEs) on the day-to-day oversight of the acquisition system, and the SAEs serve as full members of the Defense Acquisition Board.

Regarding the clarification of the USD(A) role, the following functions clearly fall under his area of responsibility:

- Serving as the Defense Acquisition Executive and Defense Procurement Executive, with full responsibility for supervising the performance of the DoD acquisition system
- Chairing the Defense Acquisition Board
- Chairing the DoD Ethics Council
- Coordinating DoD research and development programs and technology development
- Developing acquisition plans, strategies and assessments in support of the Milestone review process and the Planning, Programming, and Budgeting System
- Developing policies for the maintenance of the defense industrial base
- Preparing and submitting all acquisition-related reports to the Congress

QUESTION: Secretary Atwood, the Military Departments have taken different approaches to implementing the Service Acquisition Executive (SAE) concept with varying degrees of success. What specific changes will be necessary to align the Military Department acquisition organizations, and in what timeframe?

ANSWER: The Defense Management Report (DMR) recognized that there had been uneven and inconsistent implementation of the SAE concept across the three Services. We are now working to develop a streamlined acquisition management structure consistent with the recommendations of the DMR and the Packard Commission. All three Services have defined a management structure consisting of the SAE at the Assistant Secretary level, a number of Program Executive Officers, whose mission it is to devote full-time attention to the management of assigned programs, and the Program managers. In addition, each Military Department is in the process of establishing a dedicated acquisition corps.

FY 91 "Savings" Associated with Corporate Information Management

Question: How will your office monitor these reductions to the O&M accounts to ensure they are taken from ADP activities and do not result in programmatic reductions of other readiness activities?

Answer: These reductions to the O&M accounts will be monitored through information technology budget exhibits. The DoD Comptroller has expanded these exhibits to reflect the portion required for continued operations, which includes maintenance, and the portion for development, which includes any action to modernize, enhance, expand, or add functions to existing systems or to acquire new systems.

Also, the DoD Comptroller is the Department's Senior Information Resources Management Official. In this capacity, the Comptroller chairs the Major Automated Information Systems Review Committee (MAISRC), which controls expenditures for major automated information system programs. Compliance with the standardization objectives of Corporate Information Management is one of the factors in obtaining MAISRC approval to continue expenditures for development of a major automated information system program.

Question: Mr. Atwood, how will your office overcome the interservice rivalries within the military departments to achieve the ADP consolidation savings you anticipate?

Answer: The basis of the Corporate Information Management initiative is a cooperative effort by all the Services and the other major DoD components working together to identify where multiple programs/efforts are attempting to solve the same or very similar problems in the functional areas under study. In this era of diminishing resources, it is in the best interests of the Components to work toward common solutions of common problems funded by DoD dollars so they can use the funds in their individual budgets to solve mission-related, high-priority Service/Component problems.

While each of the Corporate Information Management functional groups is led by an OSD functional policy official, the groups are largely made up of Service representatives who are experts in policy, operations, and systems supporting that functional area. Based on the increased focus of all the services on achieving increased management efficiencies and economies of scale, it is obvious that the Services are in a more cooperative frame of mind today than they have been in the past. We expect this increased awareness of the need for cooperation and maximizing the use of scarce resources to minimize interservice rivalries which might have a detrimental impact on achieving the anticipated savings.

IS RESEARCH AND DEVELOPMENT FUNDING A PRIORITY?

Mr. Secretary, you and Secretary Cheney have said that research and development (R&D) funding is a priority, because smaller U.S. forces must sustain their qualitative edge and take advantage of technological progress in the future.

Question: Can you explain the apparent contradiction between these statements and the fact that the fiscal 1991 request shows a real decline in total R&D funding?

Answer: Total DoD RDT&E funding for FY 1991 is \$38.1 billion, an increase of \$1.4 billion above the FY 1990 column of the FY 1991 submission. This is a 3.7% increase and is slightly below the projected inflation rate of 4.0%. I believe that, given the current fiscal constraints, this level of funding commitment is consistent with Secretary Cheney's, and my statements on the relative priority of RDT&E.

Question: The largest growth in DoD's entire science and technology program is represented by the Strategic Defense Initiative, which increases by 20 percent after inflation. It is not true that including SDI funding in the science and technology program overstates the Pentagon's commitment to funding the basic scientific and exploratory research needed to maintain our future superiority in conventional war-fighting technologies?

Answer: The Department has no intention of overstating its Exploratory and Basic Research Budget. In fact, since total DoD expenditures for Independent Research and Development and Bid and Proposal (IR&D/B&P) and the Small Business Innovative Research Program (SBIR) are excluded from these categories they are, if anything, understated in the budget. Because the Department is committed to Basic and Exploratory Research, these programs are displayed in separate budget categories. There are no SDI funds in either the Basic or Exploratory Development Research categories. The FY 1991 SDI budget request is \$4,460 million, which includes \$4,195 million budgeted in the Advanced Development Budget Category and \$265 million in the Engineering Development Category. To ensure that SDI funding is visible to those with oversight responsibility, it is displayed as a separate Defense Agency in the budget.

ENVIRONMENTAL RESTORATION (CURRENT CLEAN-UP EFFORTS)

Mr. Secretary, the clean-up of hazardous waste sites remains a high priority for the American public and this Committee.

According to information provided by your Department, at the end of FY 1989, there were 14,401 sites on 1,579 active DoD installations with the potential for contamination. It is my understanding that only 287 of these sites have been cleaned up. Another 905 sites are in the process of remediation. An additional 3,271 sites are undergoing study.

QUESTION: What is the Department's time-table for completing the clean-up of these remaining contaminated sites?

ANSWER: We anticipate that the major portion of our sites will have field investigations complete and cleanup - where required - well underway by the mid-1990's. The completion of some of these cleanups, such as ground water pump and treatment, usually take 10 years to complete.

QUESTION: What do you estimate it will cost to complete the environmental restoration of these sites?

ANSWER: Our current estimate is \$11-15B for our installation restoration; however, we plan this summer to update this estimate based on anticipated future clean-up standards. The two main impediments to a accurate projections are the fact that the number of sites actually requiring clean-up cannot be determined until field investigations are complete and cleanup standards and remedies are agreed to with the regulatory agencies.

Environmental Restoration (Current Clean-up Efforts)

QUESTION: Do you think it possible that the Department will chose to continue to operate some bases simply because the cost of restoring them for turn-over to civilian authorities would be prohibitive?

ANSWER: No; DoD will undertake restoration on a "worst-first" basis regardless of whether or not the base is open or closed. The ultimate clean-up remedies associated with disposal of property excess to DoD needs do not have to be funded or completed prior to cessation of DoD operations. Nor does an entire facility have to be disposed of at the same time; clean portions may be disposed of independent of contamination clean-up. In short, we can "close" bases and benefit from the operational savings before funding and completing all environmental requirements associated with disposal of the property. However, all required environmental restoration work will be completed prior to disposal of the property.

QUESTION: What new policies or programs has the Department put in place to ensure the proper disposal of hazardous wastes and to ensure the protection of public health?

ANSWER: On October 10, 1989, Secretary of Defense Cheney issued a policy memorandum to the Military Departments stating, among other things that "The first priority of our environmental policy must be to integrate and budget environmental considerations into our activities and costs for our people". On July 27, 1989, the Department issued a directive entitled Hazardous Material Pollution Prevention, that established a policy that emphasizes the prevention of pollution rather than "end of pipe" solutions. The policy requires that hazardous materials shall be selected, used, and managed over their life cycle so that DoD incurs the lowest required cost to protect human health and the environment. Where hazardous materials use cannot be avoided, the directive requires that DoD personnel apply management practices that avoid harm to human health and the environment.

The major DoD components have implemented hazardous waste compliance tracking systems at headquarters or major command levels which alert them to problems and identify trends for further attention and correction. DoD has established an issue escalation process for resolving conflicts over compliance.

QUESTION: Does the Department intend to conduct a thorough environmental assessment of domestic bases it intends to close, sufficiently in advance of the date of closure, so that any required remediation can take place? If not, why not?

ANSWER: It is DoD policy to complete required NEPA processes prior to any base closure. Environmental analyses for cleanup of contaminated sites and disposal of properties shall be conducted in accordance with existing laws, regulations, and DoD policies. The timing of actual remediation will be consistent with our policy of cleaning up the worst sites first.

QUESTION: Does the Department acknowledge that it has a duty to determine what, if any, responsibility it has for hazardous waste contamination overseas?

ANSWER: The Department does acknowledge this responsibility and is actively working to fulfill this responsibility.

QUESTION: If so, what commitment will the Department make in this coming fiscal year, and beyond, to address this pressing need?

ANSWER: DoD is developing a uniform process for determining appropriate environmental requirements within host countries. Guidance on this process will be coordinated within the Armed Services, Unified Commands, Defense Agencies, and with EPA, OMB, and the State Department. Cleanup of environmental contamination on U.S. controlled properties overseas will be addressed, and it will be a part of future property transfers where applicable. The cleanup issue is a very complex one which will require evaluation of the full spectrum of alternatives while considering legal, political, social, and economic implications. This evaluation will be based on a thorough analysis of U.S./host nation statutes, treaties, and agreements. We will act to protect the health of U.S. and host nation citizens, not necessarily to reach background contaminant concentrations.

Overseas Clean-up

QUESTION: Does the Department intend to conduct a thorough environmental assessment of overseas bases it intends to close, sufficiently in advance of the date of closure, so that any required remediation can take place? If not, why not?

ANSWER: Environmental analysis related to closure of overseas bases will be in accordance with existing DoD policies, host-nation requirements and existing ~~treaty~~ treaty provisions.

QUESTION: Would you support the establishment of an overseas environmental clean-up fund to be capitalized, in part, with the revenue derived from the sale of assets on closed U.S. installations?

ANSWER: I certainly support the establishment of an overseas environmental clean-up fund with assets derived from base closures overseas. However, base closure revenue, when available, will likely be required for work at the closed U.S. installations. In addition, overseas environmental clean-up may be entirely or partially a host nation responsibility. These issues will be negotiated on a case-by-case basis with the host country.

QUESTION: What efforts will you make to ensure that valuable natural habitat will be protected on base land slated for closure and sale by the Department?

ANSWER: The Department of Defense acts as steward for its diverse natural resources. Valuable habitats and species are conserved and protected. All lands under DoD control, including those slated for closure and sale, are managed using integrated natural resources management principles such as multiple use and sustained yield. All proposed actions and projects must include an analysis of their potential impacts on our natural resources. Endangered and threatened species are managed according to the Endangered Species Act and implementing regulations. Management plans for installations with endangered species include coordinated protection and mitigation measures, appropriate affirmative actions and consultation procedures.

QUESTION: Will you provide this Committee with an assurance that a proper inventory will be taken of the natural resources present on military lands prior to their disposal?

ANSWER: Accurate information is necessary to develop and implement integrated natural resources management plans. It is DoD policy to acquire and maintain information necessary to monitor and evaluate all natural resources under our management. For lands slated for closure and sale, we will insure that all pertinent information on our natural resources is considered when analyzing the potential impacts of these proposed actions.

QUESTION: What is the DoD policy regarding the sale of natural resource assets on land under its jurisdiction?

ANSWER: The Department of Defense (DoD) policies regarding the sale of natural resource assets are governed by general principles and statutory requirements along with specific DoD Directives. There are a number of relevant policies and procedures applicable to DoD's commercial natural resources program.

QUESTION: How are the prices for these assets set?

ANSWER: Forestry Products

The value of forestry products are determined by regionalized indices published by numerous forest product market analysts. Western Timber Association (Western states) publishes quarterly indices for specific agencies, grade, and local market areas. These indices are based on actual market values either at the manufacturing site or "on the stump." Depending on how the index value is derived, other appraisal considerations such as harvest cost, transportation cost, etc. have to be considered. Timber Mart South is another market analyst used in Virginia. Those market services are used throughout the federal, state, and private sectors for base value determinations.

Using this information, an appraisal is generated to establish the base rate or government estimate of "fair market value" prior to the timber/forest products sale advertisement. These sales are conducted through the sealed bid process with contract award going to the highest total value bid.

Dispersed Recreation

The hunting, fishing, trapping, non-consumptive wildlife use, hiking, cross country skiing, etc. are public use programs that generate revenue based on "user fee" concepts similar to those established by other federal agencies. These revenues are used to support the management of these programs.

Agricultural Leasing

Leasing of DoD lands for grazing and other agricultural uses is based on appraisals prepared similarly to appraisals for forest products. However, approval of leases must also follow the Uniform Appraisal Process for Real Estate. This appraisal establishes the base rate or "fair market value" estimate. The lease opportunity is then advertised as a "Solicitation to Bid" describing acres, location, availability, and suitability for agricultural use commensurate with the military mission. The availability of lands suitable for outleasing is based on the installation's Comprehensive Master Plan, Land and Resource Management Section.

ENVIRONMENTAL RESTORATION (RESOURCE EXPLOITATION)

QUESTION: Has a study ever been done to determine whether the American taxpayer is receiving a fair return on these sales? If not, why not?

ANSWER: Yes. In 1989, the Deputy Assistant Secretary of Defense (Environment) requested a forestry program review from each of the military services. Each service analyzed a sample of installations and focused on Fiscal Year 1987 through 1992. The information received from that review is currently being analyzed.

QUESTION: Please provide the Committee with the written policy regarding natural resources asset sales as well as a statistical breakout of such sales, by type, value and location, over the last five years.

ANSWER: The DoD policy regarding the sale of natural resources assets is contained in DoDD 4700.4. That directive generally requires that "fair market value" of the assets sold. The specific sale information over the last five years is not collected nor maintained centrally. It would require a substantial amount of time and effort to assemble.

Humanitarian Assistance Programs (European Base Closures)

QUESTION: Has the Department begun to plan for how it will dispose of such vast quantities of equipment?

ANSWER: Yes. There are three excess property programs operated by the Department of Defense. Each is a vital part of our response to ongoing national security and foreign policy objectives. These are: the humanitarian assistance program, the NATO Southern Region Amendment, and Section 573F of the International Narcotics Control Act (INCA), the last of which provides excess property for the governments of major illicit drug producing countries in Latin America and the Caribbean. The humanitarian assistance excess property program has made significant and timely contributions to the humanitarian needs of a number of countries, particularly in the Third World. The U.S. Government and the American taxpayers receive a remarkable return from the excess property program.

Plans are currently underway to convene a committee on excess property to accomplish the following:

- a. Identify service requirements which, of course, is our first priority and to ascertain what materials are to be retained in active inventories, war reserve stocks, or disposed of.
- b. Look at the impact of reduced budgets on the low end of the inventory scale such as construction equipment, medical supplies, and office supplies.
- c. Identify requirements for excess property under the above three programs and interface with other qualified recipients under the Federal Property Act.

QUESTION: What is the current estimate of the dollar value of inventory which could be declared excess?

ANSWER: At this time, because of the rapidly changing circumstances in the European Theatre, the Department of Defense cannot estimate a dollar figure for inventory which could be declared excess. However, it is certain that not all such property will be suitable for use in overseas foreign assistance and humanitarian assistance programs. Prospective excess property retained in Europe and Asia would be from the low end of the logistics system and would be costly to repair and expensive to maintain. Expected budget reductions may also preclude funds to perform these functions.

QUESTION: Will you recommend that the DoD Humanitarian Assistance Office be given preference in receiving equipment declared excess under the new base closing plan?

ANSWER: The DoD Office of Humanitarian Assistance has authority to select excess property in support of its programs, as authorized under Sec. 2547 of Title 10, USC. However, there are also other excellent programs that provide property to assist our allies. Under Sec 2547, OHA can select excess property on an equal footing with other U.S. military components. However, as a matter of DoD policy, OHA does not supersede the military components.

One of the primary purposes of the planned excess property coordinating committee will be to identify how excess property will be allocated. The HAP is expected to continue to be a major recipient, especially in the medical supply and heavy equipment area.

QUESTION: Will the Department request a reduction in the 21 day notification currently required of the Humanitarian Assistance Office before it can undertake a relief operation?

ANSWER: The Department of Defense will shortly propose legislation to the Congress to make the DoD humanitarian assistance excess property program permanent law. That legislation will remove the need for the 21 day notification. In some cases, the 21 day notification is not a problem due to the time required to assemble cargo and to make transportation arrangements. In other cases, however, it extends our reaction time unnecessarily. For example, the 21 day notification requirement may delay DoD's proposed donation of hypodermic needles and medical supplies to Romania to assist that country in dealing with its serious AIDS crisis among children.

QUESTION: What percent of DoD excess property is directed to humanitarian assistance programs and what percentage is provided to the States? Provide a breakdown of this percentage by type for the years 1986, 1987, 1988, and 1989.

ANSWER: In fiscal year 1989, the dollar value of all excess property turned into the DLA system was more than \$8 billion. In all, more than 4.4 million line items were declared excess and were made available for reuse in the DRMO system. Of these, 138,633 were available to and were suitable for DoD's humanitarian assistance and the States' programs. In total, the humanitarian assistance program has used less than 0.365 percent of the items available through the DLA system of excess property. The States' drawdowns on the DLA system for excess property total approximately 2.786 percent of the total available items for reuse.

A table follows offering the history of the humanitarian assistance program and the States' program for accessing excess property. The percentage figures represent the share to the HAP and to the States of the total 3 percent of the DLA line items for reuse available to the two programs. The other 97 percent of the line items are absorbed by other entities, largely DoD components.

COMPARISON OF STATES AND HAP SHARE OF EXCESS PROPERTY (BY YEAR)

<u>Fiscal Year</u>	<u>Line Items</u>	<u>PCT by Item</u>	<u>Dollar Value</u>	<u>PCT by \$ Value</u>
1986				
States:	165,231	95.9%	\$238,650,861	98.0%
HAP:	7,153	4.1%	4,913,154	2.0%
		<u>100.0%</u>		<u>100.0%</u>
1987				
States:	181,243	93.0%	\$252,995,999	96.3%
HAP:	13,727	7.0%	9,680,037	3.7%
		<u>100.0%</u>		<u>100.0%</u>
1988				
States:	208,083	91.2%	\$286,111,470	94.7%
HAP:	20,003	8.8%	16,077,577	5.3%
		<u>100.0%</u>		<u>100.0%</u>
1989				
States:	122,580	88.4%	\$261,192,792	93.7%
HAP:	16,053	11.6%	17,658,000	6.3%
		<u>100.0%</u>		<u>100.0%</u>

Both the Humanitarian Assistance Program and the States draw upon the following categories of excess property: clothing, medical and dental equipment, woodworking equipment, repair shop equipment, hand tools, furniture, office equipment, office supplies, cleaning equipment, food and food service equipment, trucks, and construction equipment.

Additionally, the States draw upon the following categories of items which are not accessed under the DoD programs: vehicle equipment, engines, engine assemblies, refrigeration and air conditioning equipment, communications equipment, electrical equipment, electrical wire, photo equipment, general purpose automated equipment, food preparation equipment, musical instruments, recreational equipment, dry cleaning equipment, brushes and paint, chemicals, pharmaceuticals, and fuels.

Humanitarian Assistance Programs (European Base Closures)

QUESTION: Provide a description of the excess medical and engineering equipment provided to the U.S. military commands for Title 10 humanitarian use. Please provide data, for 1986-1989.

ANSWER: The only donation of DoD excess property made to the Department of State specifically to augment a DoD Title 10 Humanitarian/Civic Assistance program was to Liberia in FY 1989. The donation consisted of medical equipment and supplies, totalling in quantity approximately 24,000 pounds. The Department of Defense intends to focus more attention on the combination of these two programs and is currently searching for hospital supplies and equipment to place in the Del Valle Clinic in Honduras which is being constructed using Title 10 H/CA funds.

AIRBORNE SELF-PROTECTION JAMMER (ASPJ)

QUESTION: Secretary Atwood, your budget proposes to cancel the Airborne Self Protection Jammer (ASPJ) for the Air Force because of high cost, but requests ASPJ funding for the Navy. Why is this program too expensive for the Air Force but not for the Navy?

ANSWER: Faced with increasing Congressional pressures to produce a reduced budget in keeping with expected defense expenditure reductions over the coming years and concerned over the affordability of the ASPJ, the Air Force elected to withdraw from the program in order to meet what it determined to be higher priority mission requirements. Recognizing the limits created by this decision, the Air Force is examining alternative strategies for F-16 protection including combinations of advanced radar warning receivers, advanced flare/chaff dispensers, and improved tactics with less capable but more affordable jamming pods which are already in production. The Navy, on the other hand, is unwilling to accept a lesser capability than that afforded by ASPJ and does not believe an acceptable, near term, alternative system can be fielded from modifications to existing systems. The restrictions of pod storage and replacement aboard carriers, as well as associated reductions in the ordnance capacity of pod equipped aircraft virtually eliminates pod enclosed jammers as a Navy option. Navy sponsors remain convinced that any alternative to ASPJ capable of meeting operational requirements would necessarily have to duplicate or draw heavily upon the capabilities already contained in ASPJ.

QUESTION: Last year the Congress directed that additional testing be conducted on ASPJ prior to awarding any additional contracts. Does the Navy intend to comply with this direction?

ANSWER: Yes. The Congressionally stated requirement, "...that further operational testing be conducted prior to the award of any further production contracts unless the Defense Department to reports that such testing would cause an unacceptable breach in production which would jeopardize the continuation of the program...", is well understood by both the Navy and the Defense Acquisition Executive. As part of the normal DoD oversight process preparatory to a Defense Acquisition Board program review, the Navy has been tasked to demonstrate the criticality of further procurement against other options which would first allow completion of operational testing. The Navy response will be reviewed by the Under Secretary of Defense (Acquisition) later this summer. If, as allowed by the Congressional language, the Navy demonstrates that completion of operational testing is impractical prior to further Low Rate Initial Procurement because of the severity of expected programmatic impacts, such a finding will be promptly reported, and procurements will be minimized consistent with good fiscal management. In any case, additional technical tests will be conducted before any further procurement awards are made, and operational tests will be completed before proceeding to full rate production. I believe that is in line with the intent of the Appropriations Committee's language, as I understand it.

QUESTION: I understand that tests have shown that ASPJ is unable to meet its design specifications. If this is correct, why have you decided to continue the program?

ANSWER: The tests to which you refer were conducted on full scale developmental models in which mixed performance results were encountered. While those results were less than desired in many respects, they were not unexpected in light of earlier technical test results which showed that corrections would be required prior to establishing a final production configuration. This is a part of what testing is all about and is one of the reasons why testing is conducted during the development of every major defense program. Because operational tests confirmed the types of problems previously surfaced by technical tests, the Department believes that those defects are indeed properly understood and can reasonably be expected to be corrected in the ASPJ production verification units now being delivered. To verify the degree to which these previously identified deficiencies have, in fact, been corrected in ASPJ, additional laboratory tests are ongoing this year and additional operational tests are planned for next year. Because of this carefully structured monitoring program, and because of the clearly established need for tactical aircraft self-protection against modern air defense systems which exceed the design capabilities of our existing alternatives, I have concluded it is prudent to continue the program through the next test series. If successful we will have met the need of hundreds of Navy aircraft and provided a robust system which is software configurable to adapt to the constantly changing high density threat environment for years to come. If the production version ASPJ does not test successfully, it will be terminated at that time.

QUESTION: The Defense Inspector General, after considering that testing problems and the Air Force decision to withdraw from the program, has questioned the prudence of continuing ASPJ production. The production contract, however, has not been halted. Do you share the concern of the IG? Why do you support continuing the program?

ANSWER: I am always concerned that the appropriate acquisition strategy is in place to prudently manage program risk against cost, schedule and performance objectives; however, these concerns cannot be disconnected from need. While I do share the Inspector General's concerns that ASPJ production be very carefully controlled pending the completion of further testing, I do not share the position that stopping production is necessarily the best way to achieve the required balance between program risk and operational need. Based upon the extensive testing of full scale development models which produced some of the negative results referred to by the Inspector General, substantial engineering corrections have been made to ASPJ production verification units. In responding to the Inspector General's recommendations, the Navy has argued that a production halt at this juncture would be of questionable value when weighed against the probability of cost escalation and operational impact to hundreds of aircraft awaiting the ASPJ system. Because of this argument and the likelihood that corrective actions incorporated into ASPJ production units will be successful, I have supported continuation of the program. I have sought to minimize the associated risks, however, by requiring additional technical tests to demonstrate system improvements prior to any further procurement, and I will not proceed to full scale production without complete operational tests demonstrating adequacy of the ASPJ performance in its final configuration.

QUESTIONS SUBMITTED BY SENATOR BYRD

REVERSIBILITY OF DEFENSE CUTS

Question: Since the outcome of change in Eastern Europe and the Soviet Union is uncertain, Secretary of Defense Cheney has said that any changes in U.S. defense programs over the next few years should be reversible. Presumably, the Defense Department accepts the need to cut back on planned defense programs but wants to hedge against the possibility that the threat in Europe will reappear. Secretary Cheney has said that the changes in defense plans that are made over the next few years should be fairly easy to reverse if military threats in Europe rematerialize in the future. Some of the cutbacks proposed in the FY 1991 budget appear relatively reversible, such as the decision to mothball two battleships. Others do not seem so easy to undo, however. Please comment on the reversibility of the following FY 1991 budget initiatives: (1) the decisions to terminate production of the Army's AH-64 attack helicopter, the Air Force's F-15 fighter plane, and the Army's M-1 tank; (2) the decision to close a number of military facilities; and (3) the decision to demobilize two Army divisions. If reversibility is a criterion for cutting defense spending in the short term, would it be better to trim the FY 1991 budget by making such changes as: (1) deferring a production decision on the B-2 strategic bomber; (2) slowing development of other new weapon systems, such as the Air Force's Advanced Tactical Fighter, the Navy's Advanced Tactical Aircraft, and the Army's light helicopter program rather than closing down production lines for older weapons; (3) reducing the level of military exercises, especially in Europe, Korea, and elsewhere overseas; and (4) putting additional Navy ships into mothballs?

Answer: Reversibility is an important criterion for exactly the reasons you specify. We must hedge against unexpected, adverse events in Europe. I should note, however, that, while reversibility is an important factor in our budget decisions, it is not the only criterion. Other factors -- such as readiness, personnel and the quality of life, efficient production rates, strategic modernization, maritime superiority, and maintenance of the technology base -- also are important. Our decisions about particular budget items must balance various desirable, but often mutually exclusive, considerations.

Having said that, I believe that the decisions you highlight are more reversible than you indicate. I also believe that the alternatives you propose, while having the virtue of reversibility, have serious disadvantages that make them unwise at this time. Let me discuss each element of your question in turn:

The reversibility of the decisions to terminate production of the AH-64, F-15(E), and M-1. All of these programs were designed to counter the Soviet armored threat in Central Europe. That threat has certainly not disappeared. Nevertheless, it has diminished enough that we can prudently make some reductions in the forces we deploy to counter it. Moreover, we continue to anticipate reaching an initial conventional forces treaty with the Warsaw Pact nations later this year. This will lead to significant further reductions in the Pact threat to Western

Europe. The three weapon systems in question here have already had long production runs and face significant force structure reductions. Should we, for instance, buy more M-1 tanks when we are deactivating armored divisions? Let me say a few words about each system.

Inventories of the AH-64 will total 807 when all funded helicopters are delivered. This is sufficient to equip 40 battalions, with allowance for training, maintenance, and attrition. These 40 battalions will adequately support our declining number of ground divisions. The attack helicopter force will still include many AH-1s. These older aircraft will be replaced by the new LHX in the late 1990s.

The current production model of the F-15 -- the F-15E -- is designed for both air-to-air combat and deep interdiction. The Air Force will have 1,074 F-15s (including 200 F-15Es) when all funded and budgeted aircraft are delivered. The last aircraft will leave the assembly line in 1993, unless production is extended by foreign military sales. The proposed termination of F-15 production is therefore easily reversible for the next two years. When production ends, some of the tooling will be used to make spare parts, while the rest will be stored. The line could be reopened in about 18 to 24 months. Production of F-16s will continue, so the Air Force will still be acquiring a modern fighter. A replacement close air support aircraft, which will improve air-to-ground capability, is planned. An assessment of candidate aircraft is now under way. Finally, a new-generation fighter -- the ATF -- is well along in development. Given the unilateral reductions in tactical aircraft the Warsaw Pact is now making, as well as the continuing moderate production rates of new Pact aircraft, the balance of production and development efforts we are proposing seems most appropriate to U.S. needs.

The decision to terminate M-1 production was taken with various precautions in place. First, DoD will carry production of a modernized M-1 (the M-1A2) to a point where its producibility will be confirmed. The last tank will not come off the production line until 1993 -- and perhaps much later, depending on foreign military sales. The tooling necessary for tank production will then be mothballed. Should future requirements necessitate opening the production line again, it will be possible to do that. That process would take about two years and be moderately expensive. Second, DoD has a very large tank inventory -- nearly 15,000 vehicles in all, including 7,789 M-1s when all funded and budgeted tanks are delivered. Third, DoD continues to support research and development on advanced armored systems, including a new tank. Closing the M-1 production line does not mean that the United States is leaving the tank business.

The reversibility of closing a number of military facilities. For domestic facilities, because of the many statutory requirements involved, it will be many years before the bases actually leave DoD control. If national security considerations dictate, the process of closure or realignment could be halted any time during that period. Furthermore, most facilities will not be

closed in the sense that they permanently leave DoD control. As was true with what came out of the Base Realignment Commission, most facilities will be realigned, reduced, or mothballed -- all actions that are reversible. The facilities will still be under DoD control. Overseas, we expect that most of the bases we propose to close will be taken over by our allies. We will encourage them to maintain an appropriate level of infrastructure. Indeed, many of these installations are already joint-use facilities. The bases will therefore not necessarily be lost to our alliance structure.

The reversibility of demobilizing two Army divisions. There are a number of factors that affect the reversibility of this decision, including:

- While two active division "flags" are being inactivated, the equivalent of less than two divisions is being demobilized. The 9th Motorized Infantry Division (Ft. Lewis, WA) currently has two active brigades; one brigade will be demobilized, and the other will remain at Ft. Lewis as a separate brigade. The 2nd Armored Division (Ft. Hood, TX and Garlstedt, FRG) has three active brigades -- two at Ft. Hood and one in Germany. The two brigades at Ft. Hood will be demobilized; the one in Germany will remain in place. So while two division flags will be inactivated, only three brigades -- roughly one division -- will be demobilized. The demobilization of one division can be reversed more quickly than the demobilization of two divisions.

- Neither Ft. Lewis nor Ft. Hood is being closed. Ft. Lewis will become the base for the 7th Light Infantry Division, now stationed at Ft Ord, CA. Ft. Hood will remain the base for the 1st Cavalry Division, and will retain all the division facilities now used by the 2nd Armored Division. The existence of these facilities will reduce greatly the time required to reconstitute an armored division.

- The equipment of the three brigades being deactivated is not being destroyed. It will remain in service, and could be made available quickly to new units being activated.

- Many of the soldiers of the brigades being demobilized will enter the Army Reserve or Army National Guard when they leave active duty. Their military skills will remain reasonably sharp for several years, and they could be recalled to active duty quickly if necessary.

In summary, the people, equipment, and facilities will be available to reverse quite rapidly the decision to inactivate two Army divisions.

Deferring a production of decision on the B-2. Our Major Aircraft Review is addressing the B-2 program. This review will analyze the effects and desirability of changes in our acquisition strategy, such as deferring production, slowing development, or reducing concurrency. Although such changes would be reversible and would result in short-term savings, those savings must be weighed against losses in force capability and long-term cost increases. If production of the B-2 were deferred, for example, contractual deferral and restart costs would greatly increase the cost of the program.

Slowing development of new systems such as ATF, ATA, and LHX rather than closing down production of older systems. None of these systems are being rushed into production, and their development cycles are long enough as it is. The ATF program began in 1981, and the LHX program in 1983. The Initial Operating Capabilities (IOCs) are, respectively, the mid-1990s for the ATF (previous estimate was 1995 but the schedule is being reviewed and will probably slip) and 1996 for the LHX. (Note: All ATA data are classified.)

The ATA and ATF programs are being assessed as part of the Major Aircraft Review. The study is in progress and the steering group is scheduled to provide a report to the Secretary of Defense by March 30. The LHX program will be thoroughly evaluated as part of our biennial program review, beginning in May.

Reducing the level of military exercises, especially in Europe, Korea, and elsewhere overseas. We have already reduced the level of some of our overseas exercises. In Korea, the cost of our annual Team Spirit exercise was cut in half. In Europe, our annual Reforger exercise was delayed and then conducted at a much reduced level. Furthermore, much of the combat interaction in Reforger was done this year through computer simulation rather than by deployment of thousands of vehicles on the ground. Forward-deployed forces must still exercise, however, if they are to maintain their combat edge. Because of the peacetime locations of these forces, their exercises will be conducted overseas.

We must be very careful about reducing exercises because that would reduce readiness and could bring back the severe problems of the 1970s. Many past analyses, including GAO reports (for example, Improving the Effectiveness of Joint Military Exercises -- An Important Tool for Military Readiness, December 11, 1979), have shown the importance of exercises in maintaining readiness. Major exercises accomplish a variety of readiness objectives that cannot otherwise be attained: improving interservice command and control; training combatant forces in joint and combined operations under realistic terrain and weather conditions; testing reaction capability; testing current plans, doctrine, and procedures; and providing experience in delivering joint forces and firepower to the battlefield.

As long as the United States has overseas commitments, it will have overseas exercises. Commitments are not credible unless exercised. Even if U.S. forward-deployed forces are reduced, major overseas exercises -- which provide practice in reinforcement operations -- will remain. They will act as a much less expensive alternative to forward-deployed forces.

Putting more Navy ships into mothballs. The Navy has relied extensively on mothballing ships in the past and continues to do so, both for warships such as battleships and for cargo ships such as those maintained in the Ready Reserve Force. There are limits, however, to the number of ships it is prudent to mothball this year.

First, the Soviet navy has not disappeared. Although smaller in number and operating at a reduced level, it is still powerful, and it is still being modernized. Its first aircraft carrier is

now undergoing sea trials. Second, the United States needs forward-deployed ships both for crisis response and, in the future, for presence as forward-deployed land forces are reduced. Large reductions in active warships would inhibit our ability to execute these missions. Third, mothballing is not cheap either to implement or to reverse. The Navy will spend \$39 million to mothball the Iowa and the New Jersey. To take these ships out of mothballs and return them to the fleet would be very expensive and time-consuming. Decisions to mothball ships therefore cannot be taken lightly.

West Virginia Military Construction Deferrals

Question: Please provide for the record your plans for funding these Military Construction projects on a timely basis, including significant milestone events, in the event that the Comptroller General finds that these deferrals are inconsistent with existing law.

Answer: The freeze on Military Construction is to ensure that the Services do not inadvertently initiate military construction at a base or a location that will be impacted by a closure or realignment. A review is scheduled to be completed within sixty days. At that time, we will be in a better position to judge the merits of all construction projects.

OTHER DEFERRALS IMPACTING ON WEST VIRGINIA

Question: Other Deferrals Impacting on West Virginia. A deferral is also proposed for the National Software Technology Repository (-\$3 million). Such action could have an adverse effect on this West Virginia project. I am further advised that funds appropriated for Defense Production Act Purchases (-\$13 million) are being proposed for transfer in connection with the proposed supplemental request for aid to Panama and refugee assistance. To the extent that these appropriations could be used to support the establishment of a domestic production source in West Virginia of the MA 956 critical high temperature alloy, funding for which I supported during the processing of the FY 1990 Defense Appropriations bill, I continue to support their release and utilization for the establishment of this domestic production source with important military applications. If the Congress does not agree to the diversion of these funds from the purposes for which they were appropriated, what are your plans to release them on a timely basis, including significant milestone events, so that the funds may be used for the purposes for which they were appropriated?

Moreover, I continue to support and urge the early release of \$4.5 million appropriated under the appropriation category "Weapons Procurement Navy, Weapons Industrial Facilities," for a much-needed restoration of a building at Allegany Ballistics

Laboratory in West Virginia. I am advised that these funds, which were included in both the FY 1990 authorization and appropriation bills, are currently being proposed for reprogramming by the Department of Defense. I oppose this reprogramming and urge the early release of the funds for the purpose for which they were authorized and appropriated. What are your plans for the timely release of these funds if this reprogramming request is not approved by the Congress?

Answer: We hope that the Congress would approve the Department's deferral, transfer and reprogramming proposals. The deferrals and reprogrammings represent the best solution in meeting the Department's needs. If the Congress does not agree with the reallocation of these funds, we will attempt to make the best use of these funds consistent with the authorities provided with appropriate consideration given to items of Congressional concern.

CUTBACKS IN WEST VIRGINIA NATIONAL GUARD UNITS

QUESTION: I am seriously concerned about the proposed cutbacks in the Army National Guard units located in West Virginia. I am advised that candidates for closure or realignment by FY 1993 include the 1st Squadron, 107th Armored Cavalry Regiment, which has units located in nine West Virginia counties. These units represent 25 percent of the authorized strength of the Army National Guard of West Virginia and have a very significant economic impact on the entire southern half of the State. The loss of these Armored Cavalry Squadrons would have a serious adverse effect on the West Virginia National Guard and the State of West Virginia, and comes at a time when West Virginia can ill afford an economic impact of this magnitude.

More importantly, it is difficult to see the logic of cutbacks in National Guard forces, at a time when proposals are being made for significant reductions in active duty forces throughout the world. It is clear that if the United States is to maintain a strong defense posture, that simultaneous reductions cannot be made in National Guard and Reserve forces as well as active forces.

Since these reductions are proposed by FY 1993, may I have your assurance that no action will be taken in FY 1991 to reduce West Virginia National Guard or Reserve units? Furthermore, may I have your assurance that no reductions will be made in any West Virginia Guard or Reserve units without the expressed consent of Congress?

ANSWER: The Department understands your concern with possible reductions in the West Virginia Army National Guard. In FY 1990, end year strength for the Army National Guard will be reduced by 9660 from the FY 1989 level. The reduction in end strength for the West Virginia Army National Guard is approximately 25 positions. This adjustment was made as part of the actions taken to achieve compliance with the 1990 enacted budget. The end year strength for the Army National Guard will continue at FY 1990 levels in FY 1991. Strength adjustments after FY 1991 will be dependent in important part on principles guiding force structure development and the allocation of missions among the components of the Total Force, which are being reviewed as part of the ongoing Total Force Policy Study.

QUESTIONS SUBMITTED BY SENATOR DeCONCINI

DEFENSE BUDGET LEVEL

Question: There has been a great deal of discussion about how much the defense budget has come down since FY 1985, but it is still up 32% above the 1980 level. Has not the threat been reduced enough since FY 1980 that we can come down below the FY 1980 level, and still have a more capable - though smaller - force than we did then?

Answer: Soviet strategic forces have improved considerably since 1980, and they continue to improve. Moreover, we have requirements today, such as the Strategic Defense Initiative and the anti-drug effort, that were not part of the FY 1980 program. Therefore, if we were to return to the FY 1980 funding level, the reductions would fall disproportionately on general purpose force programs.

At a much lower level of funding, we could field general purpose units whose individual capabilities were greater than those of their 1980 counterparts. The only relevant measure of capability, however, is how the total force would compare against an opposing force. The conventional force capabilities of the Soviet Union grew considerably from their 1980 level before the recent unilateral reductions, which have reduced Soviet capability only modestly. Therefore, I think it unlikely that the force we could field today at 1980 spending levels would be more capable relative to today's Soviet forces than our force was in 1980 relative to Soviet forces then. Moreover, the capabilities of our general purpose forces in 1980 were deficient in many respects, so I would not consider using 1980 as a standard in determining adequacy today.

A REUNIFIED GERMANY

Question: A Reunified Germany

One area of seemingly disjointed thinking, in light of the eventual reunification of Germany, is the Administration's proposed \$112 million for engineering development of the Follow-On-to Lance missile to replace the aging Lance missiles in West Germany. These missiles have a limited range and, depending where they are deployed, can only hit targets in parts of Poland, Hungary, Czechoslovakia, and East Germany. Once East Germany disappears, are we really going to need this missile?

Answer: The main rationale behind the FOTL program is to provide a significant contribution to NATO's nuclear deterrent. It would deter the Soviets from contemplating the use of eastern Europe as an invasion route against NATO. The US is developing the Follow-on to Lance (FOTL) in consonance with the Comprehensive Concept of Arms Control and Disarmament adopted at NATO's May 1989 summit. The Alliance agreed, as part of NATO's deterrent and arms control strategy, that the decision by NATO on deployment of FOTL will be dealt with in 1992 in the light of overall security developments in Europe.

INDUSTRIAL BASE

Question: During the Reagan defense build up, there were continuous concerns about the health of the defense mobilization base and questions about the health of the industrial base itself. In today's fiscal environment, the conditions of both the mobilization base and the industrial base are going to deteriorate significantly. Two examples of this come quickly to mind: the Army's tank and attack helicopter production lines. Using these examples, explain how the Defense Department's policy on maintenance of the industrial base will be implemented within the FY 91 request and your plans for the out-years.

Answer: The question of how to maintain a mobilization base, i.e., a sustained state of mobilization readiness to meet the expanded production demands of a national emergency, is a difficult one during periods of declining budgets. Once a production line goes cold, the DoD's ability to retain a mobilization capability tends to become a function of ownership of the facilities in question. In the case of Government-owned facilities, such as the Army's tank production base and much of its munitions base, a ready mechanism exists to retain a mobilization capability. Assuming mobilization production requirements justify the expenditure, an inactive production line can be placed in layaway and maintained at a high state of readiness for future emergencies. This is the approach the Army is taking regarding its tank facilities. In the FY 91 budget request is \$62.1 million to layaway the Detroit tank facility after the run out of production at that facility in September 1991. Production will continue at the Lima tank facility through March 1993. Additional funds are programmed in Fiscal Years 92 through 94 to place the balance of the tank facilities in layaway pending a planned reactivation of tank production in FY 97.

In the case of the attack helicopter production line, current orders for the AH-64 will continue deliveries through December 1993. The only assured way, however, of maintaining a mobilization production capability at privately owned facilities such as the AH-64 production line, is to maintain a warm production base. This can be done through sustained procurement orders or sales to other nations. Current plans call for significant continued attack helicopter production line activity through the Long Bow program, a major upgrade and renovation of the AH-64 Apache fleet, beginning in 1993 and extending into 1997. The Long Bow program, together with potential foreign sales, should allow the retention of production capability for attack helicopters in the foreseeable future.

Question: Given the need to terminate programs, how much is the Defense Department willing to invest to maintain the necessary engineering skills, production skills, and equipment in critical sectors of the defense industrial base?

Answer: It is not possible to identify an arbitrary price tag that the Department might be willing to invest to maintain the defense industrial base beyond the capability which will be inherent in our acquisition plans. Clearly there will be some impact upon the capability of the defense industrial base, and therefore the mobilization base, as the effects of program cutbacks take effect over the next few years. However, one of our primary goals is to maintain a vigorous and capable industrial base as we make difficult programmatic decisions. With the support of Congress, it is our expectation that we will be able to balance the future acquisition needs of the department with the need to retain essential skills and capabilities in all of the critical sectors of the defense industrial base. And, through the management improvements achieved by the Defense Management Review, we expect to strengthen the defense industrial base by making fundamental changes in the way DoD does business with industry.

ATTRITION AH-64s

Question: In the case of the Army's AH-64 helicopter, figures I have seen indicate that there are no attrition aircraft available to sustain the program over the next 20 or so years. Was it the intent of the Department to terminate Apache production without providing for adequate attrition aircraft?

Answer: An adequate attrition reserve has been provided for the Apache program.

The Army's attrition factor for the AH-64 is two aircraft per year. Thus, over a 20-year life cycle, 40 aircraft would be needed to compensate for projected attrition. Given the force structure reductions anticipated over the next several years, the total buy of 807 AH-64 Apaches will provide enough aircraft to equip the Army's active and reserve forces while meeting training, maintenance pipeline, and attrition needs.

QUESTIONS SUBMITTED BY SENATOR BUMPERS

Question: I understand that Secretary Cheney and the South Koreans have agreed to a reduction of U.S. troops in South Korea over the next three years. Does this include/exclude the 2,000 troops that were going to be reduced anyway as a result of the U.S. withdrawals from three Korean Air Bases announced as part of the Base Closing exercise.

Answer:

[Deleted]

Question: At a Rate of _____ troops over three years, it will take _____ years for the U.S. to completely withdraw its forces from South Korea. That would be the year _____. Yet General Menetrey, the head of U.S. forces in South Korea, was quoted last August as saying that if current trends continue, "There should be stability on the [Korean] peninsula without the United States being part of the equation in the Mid-1990's." As long as we maintain our security guarantees to the South, why can't we remove our forces more quickly, as General Menetrey suggests?

Answer: The U.S. objective in Northeast Asia is to continue to deter renewed hostilities on the Korean peninsula and to assure stability in the region. U.S. force levels are adjusted as the ROK is able to assume additional responsibilities for its own defense. A measured approach which continues to insure long term peace and stability on the peninsula and in the region continues to be our objective in this part of the world.

COMMITMENT TO FOLLOW-ON TO LANCE

QUESTION: It is clear that the Germans don't want the Follow-on to Lance missile at all in this new environment, and that NATO will soon modify its stance on this issue. News reports quote one senior German official as saying that whenever anyone brings up the subject of Lance follow-on, "we all just laugh." I recognize that we have a commitment to our NATO Allies on this missile, and leaving a little R&D funding is probably needed until the commitment is formally changed. But is it really necessary to request \$112M in R&D in your budget which, when added to DOE's request, totals about \$200 million? Why does the budget request for this missile pretend that nothing is happening in Europe?

ANSWER: The U.S. is developing the Follow-on to Lance (FOTL) in consonance with the Comprehensive Concept of Arms Control and Disarmament adopted at NATO's May 1989 summit. The report from the summit confirmed the necessity for sub-strategic nuclear forces that perform a credible deterrent role across the required spectrum of ranges. It further stated that these land-, sea-, and air-based systems, including ground-launched missiles, will be needed in Europe for the foreseeable future. The Alliance agreed, as part of NATO's deterrent and arms control strategy, that the decision by NATO on deployment of FOTL will be dealt with in 1992 in the light of overall security develop-

ments. In the interim, the Allies expressed support for the continued funding for research and development for a follow-on system for the existing LANCE. Consequently, the DoD development program for FOTL has focused on a system design that will be mature enough to be realistically evaluated by the Alliance in 1992.

Clearly, events of the last year in eastern Europe have degraded political support for FOTL in Europe and in the United States. NATO Ministers, however, as recently as November 1989, publicly reiterated their support for U.S. efforts to maintain a credible nuclear deterrent posture, and recognized the value of U.S. and U.K. efforts toward fulfilling identified modernization requirements, including FOTL, in order to provide the basis for timely and appropriate Alliance decisions. FRG officials and the NATO Secretary General have recently reaffirmed their support for a 1992 deployment decision.

The rationale behind the FOTL program is not that it would be targeted on the emerging democracies of eastern Europe; rather, it would deter the Soviets from contemplating the use of eastern Europe as an invasion route against NATO. In that context, it provides a significant contribution to NATO's nuclear deterrent.

AMRAAM AIR-TO-AIR MISSILES

Question: According to press reports, the Air Force has stopped accepting AMRAAM Air-to-Air missiles because of serious problems with the reliability, availability, and maintainability of the production versions. In addition, press reports indicate that AMRAAM will break through the congressionally-mandated cost cap of \$480,000 per missile. This has all the earmarks of a program in serious trouble. Why shouldn't we cut back on production funding, but continue full R&D, until this gets sorted out? As an interim we could fund some Sparrow production with upgrade kits. Do you still stand behind your production request of over \$1.3 billion for AMRAAM?

Answer: The current AMRAAM problems which resulted in the decision to stop accepting missiles are primarily quality workmanship issues uncovered during captive carry reliability testing. The Air Force felt the most appropriate action to correct the contractors' lack of emphasis on quality was to suspend acceptance of missiles. Once the contractors demonstrate that they have resolved the quality concerns, inspected missiles, and have corrections for all known problems, the Air Force will reconsider accepting missiles. These problems do not represent major design flaws in the missile. In fact, AMRAAM had a most successful full scale development program. The current problems focus on quality issues. We expect these to be short-lived given the emphasis the contractors are now applying. The Air Force is currently assessing the status of AMRAAM. Once these assessments are complete, we will be in a better position to provide options regarding continued production or returning to some additional development period. A return to FSD would result in a break in the production line with a

consequent increase in program cost and a catastrophic impact on subcontractor and vendor base. Such a return to FSD would remove the focus of the program from the manufacturing environment. It is this environment in which the current quality/process issues must be addressed in any event. We would still face the challenge of sustaining process/quality control on any manufacturing restart.

The approach to upgrade Sparrow will not meet the Air Force requirements for multi-target engagement and a launch and leave capability. Besides offering no increased capabilities, the approach would be costly.

The Air Force fully supports the current production funding request.

MULTIPLE LAUNCH ROCKET SYSTEM (MLRS)

Question. Last year the Committee expressed concern that DOD asked for production funds for only 24,000 MLRS missiles, and said in its FY90 report that "the committee expects the Army to budget for at least 48,000 rockets in all future submissions." Why then have you once again requested only 24,000 MLRS missiles in your budget? Cutting production in half almost doubles the cost per missile -- you can get 100% more missile for only about 30% more dollars.

Answer. The Army has requested the funding of 24,000 MLRS rockets in FY91. The quantity requested is based upon Army priorities in a very constrained budget environment. The previous year, FY90, the Army also requested 24,000 rockets. However, Congress did see fit to plus-up this production program to the more economic production level of 48,000 rockets. In the process of constructing the FY91 budget, the Army considered the need to maintain this more economic production rate versus the need to more rapidly field MLRS battalions. The requirement to sustain an acceptable modernization rate by retiring the 8" howitzer battalions from the force was given priority. Thus, the high launcher production rate must be continued. In their staffing of the FY91 budget submission, the Office of the Secretary of Defense supported the Army's requested MLRS procurement of 24,000 rockets.

Decreasing the production of MLRS rockets by half, from 48,000 to 24,000, increases the rocket unit cost by about 6%. To procure an additional 24,000 rockets in FY91 (to move from a production quantity of 24,000 to 48,000) will require minimum of \$180.5M additional funding. This 100% quantity increase equates to an 89% increase.

The MLRS multiyear contract is constructed to provide a base quantity of 24,000 rockets per year with a yearly option of an additional 12,000 rockets (total of 36,000). To procure a quantity of 48,000 rockets in FY91 will require exercising the FY91 option quantity of 12,000 rockets and a contract change to pull-up the FY92 option quantity of 12,000 rockets. The resulting cost will be based on negotiating the multiyear options and the additional support effort required (fly to buy, contract engineering, etc.).

SDI BUDGET

Question: This budget requests \$4.5 billion for the Strategic Defense Initiative. The Washington Post on Sunday quoted William Happer, Chairman of the Jason Steering Committee and member of the SDI Scientific Advisory Board, as saying that SDI proposals for giant lasers and particle beams in space are "a stupid idea." He also said he believes that the Soviets can build faster-burning missiles which would defeat the Brilliant Pebbles concept. What benefit are we going to get out of this program?

Answer: According to Dr William Happer, he was grossly misquoted in The Washington Post article. Dr Happer confirmed that both of the quotes attributed to him and the JASONS on lasers and particle beams, and fast-burn boosters were grossly exaggerated and taken out of context. The negative context expressed in the article by the author, Mr R. Jeffrey Smith, was not expressed or intended by Dr Happer.

One example is fast-burn boosters. Depending on how much one decreases the burn time, determines the degree of technical difficulty. While moderate reductions in burn time are feasible, replacement of all MIRV'ed boosters with fast-burn boosters, plus the additional required field testing, represents an enormous expense and new investment for the Soviets. However, even the implementation of a fast-burn booster alone does not seriously degrade the performance of most space-based interceptor systems, such as Brilliant Pebbles, since post-boost vehicles are a prime target and represent a large fraction of kills by the defense system.

Clearly, improving our Strategic Defenses makes more sense now than ever before. We are certainly encouraged by the improved relations with the Soviet Union. However, the fact remains that the Soviet Union has continued modernization of their Strategic Ballistic Missile and Strategic Defense programs. Additionally, proliferation of ballistic missile technology during the 1990s will make it all the more essential that we continue to improve our Strategic Defenses and help ensure the success of the SDI program.

QUESTION: Because events are happening so fast, the President's budget request obviously does not reflect the current situation in Europe, particularly the virtual collapse of the Warsaw Pact as a threatening military alliance, and the possibility we will see some kind of German unity within a year. It apparently does not even reflect the President's own proposal to cut US troop levels in Europe. What, if any, changes do you think are necessary to bring the FY 1991 budget request into line with the strategic reality in Europe?

ANSWER: The question first raises an issue of philosophy that must be discussed before we consider the appropriate level of defense resources. Without a doubt, the changes we have seen in Europe over the past year are of a sort that few would have fathomed even a short time ago. The changes are such that, in time, we are likely to see a major restructuring of our military forces and a major redefinition in the overall size of our commitment to Europe. But this will all take time. For the present we are left to decide how best to structure our efforts, particularly as it concerns the forward deployment of American forces in Europe. This decision can largely be reduced to two broad choices: do we proceed by unilaterally withdrawing our forces from Europe and, as a consequence, our level of influence and commitment; or, alternatively, do we pace our efforts through multilateral forums, such as the ongoing CFE talks, to achieve mutual reductions in forces, which may, over the long haul, better ensure our security interests?

The President's record on this is clear. He has said repeatedly that he will not undermine the efforts of our negotiators by unilaterally withdrawing forces from Europe prior to the conclusion of a negotiated agreement. If the suggestion, therefore, is that we should proceed along the path of unilateral reductions, we must reject it as premature on the grounds that we cannot undermine the position of our negotiators.

That is not to say that nothing can be done to adjust the Defense budget prior to a CFE agreement. And here we have made every effort to ensure the FY 1991 request is consistent with the changing threat environment, particularly the changing landscape in Europe. Examples include the standdown of 2 active Army divisions and the termination of production of the M1 Abrams tank, the F-15E Eagle aircraft, and the AH-64 Apache helicopter, all of which have come to be associated with the threat in Europe. We would add that Secretary Cheney's roster of proposed base closings, several of which are in Europe, also accounts for the changing nature of our defense requirements.

Therefore, we contend the President's budget already reflects, to the extent possible, the new strategic reality in Europe. It does so in a measured fashion that offers reductions where appropriate, while at the same time supporting the positions of our negotiators. Clearly, there are more reductions to be found in the future--significant reductions--and we are prepared to make those at the appropriate time; indeed, Secretary Cheney has already offered the possibility of proposing additional reductions to the FY 1991 request once the Department has concluded its review of the Service programs for FY 1992-FY 1997 and sees where decisions on future programs can achieve near term savings. For the time being, however, we believe the FY 1991 budget request represents an appropriate level of reductions--some \$22.4 billion from the original FY 1991 request--consistent with our negotiating posture and the changing landscape in Europe.

DoD Budget

Question: What is the justification for requesting \$154 million for military construction in Germany, when the President has declared his intention to remove about 60,000 troops from that country?

Answer: The latest force reduction proposal would place a limit of 195,000 U.S. military in Germany, Belgium, The Netherlands, and Luxembourg. The vast majority of the 195,000 personnel will continue to be stationed in Germany. The construction requested in the FY 1991 budget has been limited to those locations that the U.S. Unified and Component Commanders in Europe believe will be active throughout the 1990s. Even with drastically reduced force levels, certain basic missions and functions such as training, medical and administration will still be required. Recently, the total for Germany was reduced to \$145 million when General Galvin, the Commander-in-Chief, U.S. Forces, Europe, withdrew support for two projects. In recent testimony before the Congress, General Galvin stressed that the construction requirements in Europe included in the current budget are essential for the forces remaining. Of the \$60 million requested for the Army, \$23.9 million support training requirements which are required for readiness despite large force cuts. The Army's budget includes just four maintenance projects (\$26.4 million) that support expensive and technically sophisticated weapons systems. The Air Force program in Germany (\$20.4 million) is drastically reduced from prior years and includes only projects at those air bases that will be some of the last to be closed (Bitburg, Hahn, and Rhein-Main). Two projects are urgently needed to correct environmental problems, water storage and distribution. Force reductions in Europe appear inevitable but are expected to be implemented within the framework of negotiated treaties and over a period of several years. In that interim period, some construction, albeit at lower levels, will continue to be necessary to meet operational and quality of life requirements.

Question: How will we restructure our forces in Europe to meet the new force level of 225,000 of which 195,000 will be in central Europe? What units will be removed and what bases closed? What will be done with the personnel, units and equipment removed from Europe?

Answer: Planning encompassing the entire issue of restructuring forces in Europe to meet the level of 225,000 of which 195,000 will be in central Europe is presently being done in DOD and in NATO headquarters. The precise proposal calls for a force of 195,000 in the Central Zone (to include Denmark), and a force of 30,000 throughout the rest of Europe. The decisions on what units will be removed and what bases will be closed remain to be made. Options identifying both units and bases have been developed in internal DOD planning documents. Final decision on these matters should be made within the next few weeks. Personnel, units and equipment removed from Europe will be deactivated by being removed from the force structure, returned to the US in either an active or reserve status or some combination of the above, as required/allowed by treaty provisions. The US share of Treaty Limited Equipment (TLE) to be removed as a result of the CFE Treaty has been identified. Some of this equipment has been identified for possible transfer to Allies in accordance with the SHAPE Harmonization proposals that call for only the oldest NATO equipment to be destroyed as a result of the CFE Treaty.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

FOREIGN SOURCING DATABASE

Question: Is it important to construct a comprehensive database detailing the true nature and scope of foreign sourcing of parts and components? How much would it cost? Would you do it by expanding DINET or constructing a new system? What capability does DINET already have?

Answer: Foreign sourcing per se is not bad and we can no longer afford a "fortress America" approach to sourcing defense goods. Our concern is the possibility of becoming vulnerable by not having alternative sources of supply. To know the extent of foreign vulnerability and to develop alternatives, where appropriate, we must have better visibility of our foreign sourcing than we have today.

The current DINET prototype has a limited ability to identify foreign sourcing. That will improve over the next year as we include data relating to imports identified with defense contracts, but there will still be a shortfall in respect to the lower subtier suppliers and foreign-sourced tools and equipment. We intend to use DINET as the overall defense industrial database. Staff action has begun to identify it in the 1992 budget. Detailed cost options for the full scale development of DINET will be formulated over the coming summer. It should be noted, however, that DINET must compete for funding with many other requirements that are also being identified.

REQUIREMENT FOR PERMANENT INDUSTRIAL BASE DATA MECHANISM

Question: Do you agree with the "Bolstering Industrial Competitiveness Report" of the former Under Secretary for Acquisition that the need to acquire, organize, maintain, and disseminate data required for sound defense industrial base plans and programs is a key action needed to bolster defense industrial competitiveness? What has been done to implement the recommendation that a permanent mechanism be set up to meet the defense industrial base data requirements and perform related assessments?

Answer: Correct, relevant, and timely information is the foundation for assessing, planning, and policy making. We have many systems and activities within the Services and Defense Agencies that collect, maintain, and analyze defense industrial information. The rapidly changing

events affecting our industrial base require that we use our existing data for more difficult and elaborate assessments, and that we acquire additional data as well. In November 1989, our industrial base office assigned five persons to the DINET project. DINET will be the focal point, the coordinator, and to some degree, the integrator of defense industrial analytical capabilities within DoD. In addition, project Socrates has given us a strategic technology assessment and planning capability. A study is under way to determine how we might best coordinate the DINET and Socrates initiatives.

CONSOLIDATING INDUSTRIAL BASE ANALYSIS PROGRAM

Question: In that report, it was also recommended that the DoD's two existing programs -- DINET and the Defense Intelligence Agency's Project Socrates be merged into a natural language within one organization. Has that occurred? If not, why not, and what are your plans in this regard?

Answer: I should point out that the DINET program and Project Socrates do not share a common database and they probably could not. Rather, each program has different, but complementary, capabilities. In the case of DINET, we have a system that merges a large number of existing automated databases together to provide a capability to gain insight into the industrial infrastructure supporting the DoD. In the case of Project Socrates we have a network of technology experts that use all sorts of technical information to provide assessments of technologies to include comparisons of countries' comparative advantages. These two programs are currently working together to provide a report to Congress on the industries supporting Critical Technologies. We are currently examining alternatives to determine the most effective and efficient manner to functionally join these two activities.

DINET FUNDING

Question: The Center for Strategic and International Studies quotes the DINET office as estimating the cost to bring DINET into initial operation as \$29 million over five years. Is DINET in initial operation? Was the \$29 million estimate accurate. If not, what is an accurate cost?

Answer: A DINET prototype model has been developed using inhouse resources augmented by \$1.4 million in contractor assistance. This prototype is used by almost 100 persons throughout the Services and Defense Agencies. For example, it was used to quickly identify every weapon

system that was being supported by contractors in the recent San Francisco earthquake area, and identify alternative sources of support should they be required. While it is strong in some areas overall the prototype needs improvement to be an effective industrial base analytical tool.

Technical specifications and cost options for the full scale development of DINET will be completed by the end of this summer. Only then will we have an accurate estimate of the overall cost of DINET.

ANALYSIS OF THE DEFENSE INDUSTRIAL BASE

Question: The Senate Armed Services Committee, in its report last year, termed DoD's failure to develop the capability to analyze the defense industrial base to fulfill our national security needs "unacceptable." Do you agree, and if so, what has been done to remedy this situation. If not, why not?

Answer: By direction, each of the Services and Defense Logistics Agency are responsible for conducting production base analyses to determine if surge and mobilization requirements for critical items can be met. The DoD has also conducted special studies in specific industrial areas like bearings and precision optics. Additional industrial base analysis requirements were included in the 1989 National Defense Authorization Act, which requires the DoD to develop a process for analyzing the capabilities of the defense industrial base to develop, produce, maintain, and support each major defense acquisition program. As an initial step in developing this process, each Service is conducting an industrial base analysis on the following programs:

Army - Advanced Anti-Tank Weapon System/Medium

Navy - MK 50 Torpedo

Air Force - Short Range Attack Missile

The process developed from these three trial analyses will be used for future acquisition programs.

We share your concern over the ability of the industrial base to satisfy military requirements and agree that our analytical processes can be improved.

DEFENSE INDUSTRIAL BASE OFFICE

Question: Last year, the Senate Armed Services Committee strongly recommended that the DoD consolidate existing defense industrial base analysis programs in the Defense Industrial Base Office to include developing and maintaining such programs as part of the Office Charter. Has this been done?

Answer: The Department has always had a consolidated functional office for industrial base analysis and only its location has changed. Very recently we realigned the office associated with this function back under the leadership of the new Assistant Secretary for Production and Logistics, Mr. Colin McMillan. In addition, we are reexamining the entire area of production, including the industrial base element, to determine if we can create a more synergistic organization that will enable the Department to provide more effective leadership and support to the Services and Defense agencies in this very important area. We expect to be completed with that examination by the end of March.

DINET AND WEAPONS SYSTEM VISIBILITY

Question: How many weapons systems do we have in total? DINET can identify suppliers for about 2,500 weapons systems. How did DINET pick the 2,500 in its database, and what does it not have? What can DINET tell us about defense dependencies and subtier supplier?

Answer: The DINET prototype has some information on every weapon system in our arsenal, with the exception of black programs. It is planned that the full scale development version of DINET will have some information on all 4.8 million related products that make up and support our weapon systems. The full scale version will have access to the many Service and Defense agency systems that collect and maintain industrial data, so that subtier information will be greatly enhanced. In some cases it will have visibility of every contractor down to the source of the raw materials. In some instances data has already been collected, but is not part of the DINET prototype and in other instances, there will be a paucity of data because nobody has ever collected it. In those situations we will have to assess the requirement for the data against the cost of collecting it.

DINET CAPABILITIES

Question: Can DINET tell us who makes the machine tools and production equipment that construct components for weapons systems? If not, how much time and money would it take to give DINET that capability?

Answer: The prototype DINET model can identify prime contractors, major subcontractors, and all other contractors who sell directly to DoD, such as suppliers of spare parts. Some of the Services industrial base systems, which will become a part of the full scale DINET, have good visibility of foreign sourced components.

Machine tools and production equipment purchased by DoD and provided to defense contractors tend to be domestically sourced and do not provide a difficulty. There is practically no visibility, however, of the origin of tools and equipment at the lower subtier contractor level. The cost of giving DINET this capability is difficult to validate because determining the source of every piece of equipment involved with any weapon system has never been done. Given that a sophisticated weapon system can have as many as 400,000 parts, or that DoD has an active inventory of over 4.8 million different items, most of which are parts of weapon systems, one must be very selective in the cost effective allocation of resources dedicated to this aspect of industrial base data collection.

DINET AND THE SUBCONTRACTOR BASE

Question: How much progress has been made in improving DINET's visibility of the subcontractor base, and its ability to assess overall DoD demands on the industrial base? What is being done now, and how much will it cost to complete?

Answer: The prototype DINET model has visibility of major subcontractors, and other suppliers who sell directly to DoD. Some of the Services' industrial base data systems, which are planned to become part of the full scale DINET, have excellent visibility of subcontractors all the way back to suppliers of raw materials. The Navy, for example, has excellent visibility of the industrial base supporting naval shipbuilding programs.

We plan to have the technical design specifications for the full scale development of DINET completed during the summer of 1990. These will provide the basis for costing options on how to proceed. Concurrently, staffing has begun on a DINET FY92 funding line. The exact amount of funding will be contingent on the options that will be developed during the summer, and the merits of DINET relative to the many other defense requirements that will be identified and evaluated during the budget process.

DINET VERSUS THE DARPA INITIATIVE

Question: To better understand the problem of U.S. dependency on foreign sourcing for a variety of parts and components in the manufacture of weapons systems, DARPA has undertaken a study of the dependence of DoD on foreign technology and production. I'm told it took 12 people at DARPA about three months to find what percent of

subcomponents, production equipment, testing, packing and assembly were foreign made or foreign sourced for just a few weapons systems. How much time and money would it take for DINET to be able to give us this information?

Answer: The DARPA study was designed to identify, in rather broad terms, the extent of foreign dependency. A small number of weapons system components were studied in sufficient detail to provide a general assessment of the degree of dependency. The DINET prototype was extensively used by the study team, and I understand the final report will acknowledge the major contribution DINET made to their efforts. Contractor assistance costing approximately \$120,000 augmented DINET by tracking down specific data that did not already exist in DINET.

It must be noted that the \$120,000 cost for data acquisition for nine components cannot be simply extrapolated to provide an overall cost for DINET data because different types and levels of data are required for different types of analyses. It should also be noted that the costs and time associated with acquiring the data that was required, but not already in DINET, would have been the same whether undertaken by the DARPA study team or by the DINET team. It must also be noted that the costs would have been much greater without the contribution of the DINET prototype.

DINET FUNDING

Question: In the spring of 1989, in hearings before the Senate Armed Services Committee, the Assistant Deputy Under Secretary of Defense for Manufacturing and Industrial Programs testified that "The DINET program holds great promise and continues to be one of our highest priority efforts." If that is so, why was no money requested for it in either FY90 or FY91?

Answer: The DINET project is intuitively simple, but technically, it is quite complex. It is much more than linking up our existing DoD industrial base related databases, adding data from other government and commercial data sources, and acquiring the other necessary data that is not otherwise available. We approached this problem in a prudent and methodical fashion. We developed a DINET prototype using inhouse resources, augmented by \$1.4 million of contractor support. In the process we identified many technical difficulties that must be overcome in order to effectively access and manipulate data from different sources, different formats, differently defined, and turn that data into meaningful and relevant information.

We are bringing top experts from some 15 different DoD systems to an industrial base data technical workshop in April 1990, to initiate the technical design specifications for full scale development of DINET. During the summer, this will be refined into cost options. Concurrent with the development of cost options, staffing has begun for a FY92 DINET budget line.

THE DEFENSE BUDGET AND THE INDUSTRIAL BASE

Question: This year's defense budget identifies the defense industrial base as one of the five or six key priorities. How is this reflected in the budget? Is DINET essential to analyzing our defense industrial base problems, and why has no funding been requested?

Answer: Maintaining a technologically innovative defense industrial base that is responsive to our national security requirements is a key priority. This will become an even greater challenge as budgets contract. DoD support of the industrial base, however, goes far beyond those narrowly defined budget items that are specifically industrial base related. Every defense dollar we spend on domestically sourced items supports our industrial base. This spending directly translates into manufacturing capability and the maintenance of a highly skilled labor force. For example, the maritime industrial base has relied almost entirely on defense expenditures for its continued existence for the past several years. In the process we ensured U.S. shipyards were world leaders in building and maintaining warships and supporting our strategic interests.

Correct, relevant, and timely information is the foundation for assessing, planning, and decision making. In respect to DINET, we have funded the development of the prototype. We are using inhouse resources and contractor support to develop the technical specifications. This will result in cost options being available by the end of this summer, at which time we will decide what option to choose for the full scale development of DINET. DINET staff has begun the process of establishing an FY92 funding line. The level of funding, of course, will be determined by the merits of DINET relative to the many other defense requirements being identified in the budget process.

HEARING ON FY 1991 BUDGET

QUESTION. Last July, the Trade press reported that you had commissioned a study to determine the feasibility of making the Navy's Enhanced Modular Signal Processor a standard for use throughout DoD.

Could you tell me if that study has concluded and what the recommendations are?

ANSWER. The first phase of the study has been concluded. We have completed a preliminary review of programs in all three Services to determine if it would be possible to incorporate the EMSP. This review was based on broad overall needs of each program and EMSP characteristics such as weight, volume, power requirements, cooling requirements, and particular signal processing functions. For those programs where we found a match in requirements with EMSP characteristics, the second phase of our study will review the detailed technical, programmatic and contractual aspects to determine if it would be possible and cost effective to incorporate the EMSP.

Other recommendations resulting from the first phase of our study are:

1. To request the Cost Analysis Improvement Group review EMSP costs. (Their report is expected prior to our POM deliberations).
2. To designate EMSP as an ACAT I program due to its importance to all major Navy ASW programs.
3. To have the EMSP program continue to support Navy ASW programs.
4. To ensure Army and Air Force participation in an on-going joint Navy-NASA-Industry program which is exploring ways to enhance commonality among computers in the future by establishing interface and protocol formats.

The USD(A) is currently reviewing these recommendations.

QUESTION. I've been told that standardizing the electronic system in items like computers can be a good way to save money. Yet I also understand that, in practice, DoD sometimes has difficulty gaining acceptance for standardization from individual program managers. Are you doing anything currently to increase the use of standards so that maximum financial benefit can be achieved?

ANSWER. As my answer to your previous question indicates, we are taking an in-depth look in all options to accomplish as much commonality in signal processing as possible in a cost effective manner. In addition, the Joint Integrated Avionics Working Group was chartered to develop common avionics (which includes signal processing) for the Army's LHX, the Navy's ATA and the Air Force's ATF aircraft, as well as their derivatives. While this effort addresses only these three programs, it is a very useful first step in achieving commonality because it is helping define the technical and programmatic issues as well as the interfaces with industry.

While significant savings may be available by standardizing computers we must also consider the potential detriments associated with it as, for example, being required to use a computer which needs

to have extensive (and expensive) software modifications to make it fit a particular system. Also, technology offers many rapid and dramatic improvements in computer performance whose insertion could be hampered by strict adherence to a standard.

Technology is helping us resolve this issue. As I mentioned in my previous answer, one of the recommendations of the first phase of our review of the EMSP was to ensure participation of all three Services in a common effort with NASA and our industrial partners to define common protocols and interfaces. When this is accomplished (target is late 90's) we may have the capability to build modular data and signal processing components, tailored to particular system requirements, using modules which can work together and each of which can be built by several vendors incorporating various competing technologies.

Due to the potential this effort offers, we will be paying close attention to its progress.

QUESTION. The Congress has appropriated a significant amount of money for standard electronic programs, like the EMSP. Yet when the EMSP was ready for production, the ships, submarines and aircraft slated to get the EMSP had fallen behind their own production schedule requirements by as much as 6 years. The Navy has already spent \$500 million to bring the EMSP on line for introduction into Navy ships, submarines, and aircraft. What are your plans for the EMSP program now that we've invested nearly half a billion dollars into this program?

ANSWER. The EMSP is the signal processor we plan to use in conjunction with the Navy's major ASW programs. On July 5, 1989, Mr. Pyatt (then Assistant Secretary of the Navy for Shipbuilding and Logistics) issued a memorandum indicating that the AN/BSY-2, SURTASS, P-3C, P-7A, SH-60B/F and AN/SQQ-89I would use various versions of the EMSP. Further, the study I initiated may identify additional candidates.

QUESTION. Last year, the Congress directed the Navy to proceed with the integration of EMSP in the SQQ-89 Basic program. We provided \$30 million in funds for first-year work. Does the FY91 budget line SQQ-89 include funding for the second year of effort?

ANSWER. We are adhering to the Congressional direction to continue funding the incorporation of the EMSP in the AN/SQQ-89 (Basic) program. Funds required to develop the interfaces and software are in the order of \$140M in addition to the \$30M provided by Congress. If required, it is planned to absorb this cost from the overall appropriation for the AN/SQQ-89.

QUESTION. Do you support use of the second generation Navy standard signal processor in the targeted user programs, such as the SQQ-89, the P-7, and others?

ANSWER. Yes. All data reviewed to date indicate that the AN/UYS-2 (i.e., EMSP) is the signal processor of choice for the Navy's major ASW programs.

QUESTIONS SUBMITTED BY SENATOR STEVENS

DOD SUPPORT FOR THE WAR ON DRUGS

Question: "...how do you reconcile the transfer of the request for the Central region OTH Radar project to the counternarcotics request in light of Congressional action last year in both the Defense and MILCON appropriations bills?"

Answer: The decision to build the southwest sector of the Central Radar System instead of the second Alaska system was predicated on several convergent reasons. First, total installation costs in Alaska are proving to be much higher than anticipated. Construction costs are almost 50% higher than planned, environmental considerations have dictated antenna redesign (at considerable cost), and we still have unresolved issues with respect to native culture and wildlife impact. Secondly, our predictions on the performance of the second Alaska sector indicate marginal utility at best. As such, our models have been updated to include small target tests, experience from the East Coast Radar System, and new ionospheric models. Third, our understanding of the threat has changed. At a time when US-Soviet tensions are decreasing, the country has increased the urgency of the threat posed by illegal narcotics. The combination of these three factors--cost, performance, and threat--has led us to the conclusion that the southwest sector of the Central Radar System is more cost effective and more in line with our national security strategy than the second Alaska sector.

We transferred the request, as well as the funds, into the counternarcotics program because this sector of OTH-B radar coverage will provide the most valuable contribution to the counternarcotics mission. It is consistent with the DoD Air Defense Master Plan and supports NORAD's Air Defense surveillance architecture and the air sovereignty element of NORAD's mission: This sector of OTH-B radar coverage will provide a deep look capability into Mexico and over a portion of the Gulf of Mexico. It should assist in discerning and monitoring transshipment points inside Mexico, in deterring or complicating ingress into the United States, and in the ultimate apprehension of smugglers. In conjunction with the tethered aerostats, the C3I centers, the new JTFs, and the Law Enforcement Agencies, OTH-B radar will help ensure border integrity against this pernicious threat. Over the Gulf of Mexico, OTH-B

DOD SUPPORT FOR THE WAR ON DRUGS

radar will provide surveillance of areas previously unobservable by other ground-based radars or aerostats. While these areas can be covered by airborne assets such as AWACS and E2s, the cost of using airborne surveillance in a wide area role on a 24 hour day, 7 days a week basis is prohibitive. OTH-B radar will provide the ability to key the prepositioning of airborne assets and thereby ensure a more cost effective utilization.

In summary, let me emphasize that we did not make this decision lightly. We knew what the FY 90 congressional reports said. The facts -- cost, schedule and threat -- led us to the difficult decision to bring forward this request.

Question: "Does it make sense that over 20% of the Department's total Counternarcotics budget should go for a system that will not be operational for at least five years?"

Answer: That question contains a few assumptions that aren't completely accurate. While the OTH-B radar procurement represents about 20% of our FY 91 counternarcotics budget, this money was taken from the Air Force's OTH-B Program Element and added to the Counternarcotics budget. It did not specifically come at the expense of other counternarcotics projects planned for FY 91. Furthermore, we had previously examined the possibility of funding the southwest sector of OTH-B with out-year counternarcotics funds since the previous Air Force plan was limited by available funding to the east and southeast sectors.

The Department of Defense position is, whenever feasible, to procure systems that have the capability to fulfill more than one mission. OTH-B is such a system. The Southwest sector will provide a deep look capability into Mexico and the Gulf of Mexico to assist in the detection of drug smugglers and is in consonance with air defense needs as stated in DoD's Air Defense Master Plan. This same multiplicity may well be garnered from all existing and planned OTH-B systems. As drug smuggling routes change in response to our detection, monitoring and interdiction efforts, Atlantic and Pacific OTH-B systems may become increasingly more important in our fight against illegal drugs in transit to the United States.

The implication that the system would not be operational for at least five years is not well founded. Construction would not be as complicated as experienced in Alaska or restricted to such a short construction season. Single sector operations could begin close to three years after initial approval.

It is also important to remember that the battle with illegal narcotics is not a short-term effort. We must plan for the long-term -- an important consideration in all of our activities.

The three to five year period is not too long a perspective for us to address in the resolution of this important national issue. Our budget addresses a range of projects with varying schedules. We think it represents a prudent and balanced agenda.

Operation "Just Cause"

Question: Mr. Secretary, recognizing that 1990 was a lean year for DoD, how will you accommodate the expenses of Operation "Just Cause" within your existing budget?

Answer: The Services are still evaluating requirements versus the availability of funds to determine how these costs can be accommodated.

Question: If you do not plan to seek additional funding from the Congress, what reprogramings do you anticipate, and when will you propose these transfers?

Answer: Until the assessment is complete, it will not be known if a reprogramming is required.

Question: If you do not seek either a supplemental or reprogramming authority to meet the costs of Operation Just Cause, what won't you do this year to offset the cost of operations in Panama.

Answer: I will provide you with that information as soon as it is available. Undoubtedly certain programs will be either deferred or the scope of other programs will be reduced; it is premature to be specific at this time.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

BAN ON MOBILE MIRVs

QUESTION: Isn't the purchase of train sets for rail garrison MX premature considering that our START negotiators are busy trying to eliminate MIRVed mobile ICBMs?

ANSWER: The current U.S. position in STRAT permits mobile MIRVed missiles. This position came about last Summer when the Administration agreed to permit mobile missiles in START if Congress supported the President's two-mobile missile program.

To date, the Soviets have deployed over 20 SS-24 rail mobile ICBMs. Each of these missiles carries 10 re-entry vehicles. Since the U.S. has yet to deploy their first mobile ICBM, while the Soviets have deployed two new mobile missiles, a ban on MIRVed mobile missiles would cause the Soviets to give up a significant military investment. As such, they would seek compensation from the U.S. at the bargaining table. For example, such a ban could leave the Soviets with the SS-25 and the U.S. with no equivalent capability until late 1997 when the Small ICBM is scheduled for initial deployment.

Under the current proposal we could deploy Peacekeeper Rail Garrison, which would give the U.S. an opportunity to make a significant portion of its ICBM force mobile and survivable by late 1992, thus addressing Soviet mobile missile advantages.

TRIDENT SSBN PROGRAM

QUESTION: Am I correct that we are between contracts on the TRIDENT SSBN and that shifting from a 1 per-year to a 1 per-every-other-year building program would raise the price per TRIDENT by \$180 million? Are you opposed to delaying this year's TRIDENT SSBN until we have a better feel for whether the signing of a START treaty is imminent or not?

ANSWER: You are correct. The contract option for the FY 1990 TRIDENT was exercised by the Navy in October, 1989. This was the third and final procurement of a three year competitive award encompassing the FY 1988, FY 1989 and FY 1990 TRIDENTS. Shifting to alternate year procurement will increase the cost per ship by about \$180M.

I am opposed to delaying this year's TRIDENT SSBN for the following reasons. First, it would have a significant adverse impact on the availability and capability of the SSBN force to perform its assigned mission. The current building rate of one ship per year is required to limit the drop in the number of deployed SSBNs caused by the block retirements of the pre-Ohio SSBNs as they reach the end of their useful lives.

Second, it is already difficult to maintain a sufficient number of deployed SSBNs because the Ohio Class ships are entering the force at a rate of only one per year. A building rate of one ship per year is

consistent with our START negotiating position; and the proposed timetable for implementation of a START Treaty does not require early retirement of any SSBNs.

Finally, due to the cost increases discussed above, fewer ships would be procured with our increasingly scarce shipbuilding dollars. This makes no sense in today's fiscal environment.

In view of the substantial detrimental effects on strategic mission readiness and on shipbuilding costs produced by a reduced TRIDENT building rate, I do not support delaying this year's TRIDENT SSBN.

FY 91 BUDGET OVERVIEW

Question: Considering the vast improvement in relations between the U.S. and the USSR with, I presume, an attendant reduction in the likelihood of nuclear war, and with the defense budget under siege, how is it that the allocation for the Strategic Defense Initiative increased by almost \$1 billion over last year's appropriation?

Answer: Certainly, the improved relations we have forged with the Soviet Union are very encouraging. However, the reality is that the Soviet military continues to make significant improvements in modernizing their strategic nuclear offensive and defensive forces. In light of this reality, it is incumbent on us to ensure we have a strong strategic defense research and development effort underway. The increased funding requested for SDI highlights the Administration's recognition of Strategic Defenses as an important element of a national security strategy, along with modernization of Strategic Offenses and Arms Control.

The FY91 SDI budget provides for a balanced research program which will allow the President to make a deployment decision on SDI within three years. The increased funding requested for FY91 is essential to preserve a variety of options for initial defense systems as well as a technology base for follow-on systems. It provides for:

- Pre-FSD contracts for systems integration and testing of Brilliant Pebbles.

- Full Scale Development of Boost Surveillance and Tracking System (BSTS).

- Increased funding to pursue other Phase I systems, including Ground-Based Radar (GBR), Ground Surveillance and Tracking System (GSTS), and Mid-Course Sensor programs.

- Increased support for follow-on systems, including Chemical Laser, Neutral Particle Beam (NPB), Interceptor Studies, and the HEDI program is also included in the FY91 SDI budget request.

SUBCOMMITTEE RECESS

Senator INOUE. The subcommittee will stand in recess until Thursday, February 22 at 10 a.m. when we will meet in closed session with the Chairman of the Joint Chiefs of Staff, Gen. Colin Powell.

[Whereupon, at 12:17 p.m., Thursday, February 20, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, February 22.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

THURSDAY, FEBRUARY 22, 1996

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:04 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Johnston, Leahy, DeConcini, Bumpers, Harkin, Stevens, Garn, McClure, D'Amato, Rudman, Cochran, and Specter.

DEPARTMENT OF DEFENSE

GLOBAL OVERVIEW

STATEMENT OF GEN. COLIN L. POWELL, U.S. ARMY, CHAIRMAN, JOINT CHIEFS OF STAFF

OPENING STATEMENT OF SENATOR INOUE

Senator INOUE. This morning the subcommittee continues its review of the fiscal year 1991 budget by hearing from the chairman of the Joint Chiefs of Staff, Gen. Colin L. Powell of the U.S. Army.

General Powell is appearing before us for the first time, and I believe I speak for all when I say that we are most eager to hear his personal and professional opinions on the complex national security issues confronting us. Accordingly, we are meeting in classified session to give the General an opportunity to share with us his most candid insights. I am presuming that all of us here have been cleared to receive top secret information.

I would also ask all members to leave classified testimony and any classified notes with the subcommittee staff for appropriate storage.

General Powell has been asked to give the subcommittee a global overview at a time of remarkable change in the international security environment. Clearly, if we are to secure adequate levels of funding for our Nation's defense requirements we must demonstrate that these changes have had a major impact on the way we look at the military threats facing the United States and its allies and the way we shall structure and equip our Armed Forces to meet these threats.

We can also expect that our relationship with major allies and friends throughout the world will be significantly altered in the

years ahead by this historic transformation. As you have stated in your prepared statement, we are living in a time of almost unprecedented challenges and opportunities for those of us charged with managing and funding our national Defense Establishment. I believe that now, more than ever in recent years, Congress needs the straightforward advice of our Nation's senior military leaders on how to chart a safe path for the future regarding defense budgets, programs, and policies.

As I stated before we began this meeting, the period we are facing now I believe is not only challenging but potentially very dangerous, and if we are not careful we may find ourselves as we found ourselves soon after Vietnam, soon after Korea, and soon after World War II. And I, for one, as chairman of this subcommittee would not wish to be part of a movement that brings this about.

General, you are in a unique position to give us that guidance and mark our mark on the size and shape and modernization of our Armed Forces. You are the first Chairman of the Joint Chiefs to begin his term with enhanced authority under the Defense Reorganization Act and I can assure you that the members of this subcommittee are prepared and eager to work closely with you in your endeavors. Needless to say, all of us are very confident in your ability. We have had the privilege of working with you in other endeavors, and, as my friend Senator Rudman has stated, he has felt your wisdom many times.

So the subcommittee looks forward to hearing your assessment of events and projections on how we can meet the challenges and opportunities which are presented to us.

Senator Stevens.

STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman. I think you speak for all of us. I join in welcoming General Powell. I note this is a classified session; is that correct?

Senator INOUE. Yes, sir.

Senator STEVENS. Good morning.

Senator INOUE. General, we have received your prepared statement and, without objection, it will be made part of the record and you may proceed in any way you wish.

STATEMENT SUMMARY

General POWELL. Thank you very much, Mr. Chairman. I hope you find my prepared statement satisfactory. It reflects my candid assessment of where we are and I am pleased to offer it for inclusion in the record.

What I would like to do is make a few preliminary remarks and then devote the bulk of the time to questioning because it is in that form I think you can get the information you are seeking.

As you said, Mr. Chairman, I am making my first appearance before this committee and I can assure you that in all my appearances before the committee I will give you a straight shot. I will give you my most candid, direct, honest answers to those questions that you raise because, as you also point out, we are entering an extremely challenging and difficult environment where it is going

to require the best of all of us on the executive side and the legislative side to make sure that we come through it with the same kind of quality Armed Forces we have today.

Mr. Chairman and members of the committee, for the last 4½ months that I have been the Chairman of the Joint Chiefs of Staff I have worked very closely with Secretary Cheney and Secretary Atwood to put together the fiscal year 1991 budget proposal in a time of unprecedented change. I might also say that the commanders in chief of the unified and specified commands and the other members of the Joint Chiefs of Staff have also worked closely with the Secretary and with me and with Mr. Atwood in the spirit of the Goldwater-Nichols Act. I have been able to use some of the enhanced authority that has been given to the Chairman under the Goldwater-Nichols Act to help bring that all about and to help give the Secretary the kind of crisp military advice that he needs in order to weigh the issues before him.

I might also say, Mr. Chairman, it has been a most intellectually challenging exercise for the past 4 months because we see two sets of pressures working against the Department. One is just the pressure of the budget. For the last 5 years our real growth has gone down. Long before Mr. Gorbachev and his initiatives blazed across the midnight sky, our budget was already going down and we had to deal with that reality. When you marry that reality up with what has happened in the last 6 months or the last year, as a result of Mr. Gorbachev's actions and what has been happening in eastern Europe, it has produced an environment that is historic, that is as historic as the immediate post-World War II environment that you described, which has major implications for our security, our collective security with our allies, as well as the structure and future of the Armed Forces of the United States.

The members of the Joint Chiefs of Staff and I understand this. The CINC's understand it. The senior military leadership of the Department understands it. We do not have our heads in the sand pretending that nothing is going on. We are not a bunch of Colonel Blimps who do not realize that we are going to have to make major, major modifications in the way we do business and what the size, shape, and structure of the Armed Forces is going to look like in the future.

But in this fascinating environment, in this environment of hope, environment of opportunity, I do not see it as an environment of problems. It is an environment of hope that we ought to take advantage of. In this fascinating and challenging environment I think there are certain enduring truths that we had better not overlook and we had better keep uppermost in our minds.

The first of these truths is that when all is said and done—when Mr. Gorbachev and the leadership of the Soviet Union are all finished—the Soviet Union will remain a military superpower. It will be a European military superpower. It is not going away. It will be restructured. It will be reformed. I believe it will be a less offensive armed force within that superpower context. It will be seeking entry into a world system. We should help it enter and become a permanent member of it, but it will always remain the only nation on the face of the Earth with the ability, the military ability, to

destroy the United States as we know it and to put us and our interests at military risk.

We should never lose sight of that while we watch the daily changes that are taking place in Europe and in the Soviet Union.

So the Soviet Union empire or commonwealth or whatever we are going to end up calling this entity may be transforming itself into a new, benign form, or it may just be taking a breath, trying to catch up, trying to restore itself to superpower status in other ways other than the military way. I hope for the future. I hope it genuinely is entering into the world community as a partner, but as the military advisor to the President and to the Secretary of Defense I have always got to keep in the back of my mind that they will continue to have the capability to bring grievous harm to the United States' interests.

Threat is a function of capability and intent. Hopefully their capability goes down slightly—through arms control and unilateral reductions. Hopefully their intent becomes more benign and therefore, if you put those two together, you get a reduced threat.

But, the capability still remains and we cannot forget that.

We also have to remember, it seems to me, Mr. Chairman, that we are the leader of two great alliances in the Atlantic and the Pacific, alliances that have been enormously successful as a result of our willingness to work with our friends and allies around the world, and we should do nothing which puts those alliances at risk. We should take no unilateral actions which suggest to our friends that we are leaving the world stage or withdrawing back to fortress America.

We are also the hope of the Third World. It is our model that the Third World is looking at as an example to follow, not for us to impose our model on them, but our model is successful. People are looking at us and, it seems to me, to lead our alliances to provide hope for the Third World we must continue to be strong.

The world may be less threatening, as people see it, but at the same time it is also less stable. There is a lot of uncertainty in the world today, uncertainty that suggests we should be rather cautious and prudent in the changes we are about to make to our Armed Forces.

One of my responsibilities is to provide to the Secretary a joint military net assessment which he then, in turn, is required to provide to the Congress. I have provided that document—about 50 pages in length—to the Secretary and he will be able to see it when he returns from his overseas trip on Monday and shortly thereafter I expect he will provide it to the Congress, as required by law. It gives you a more formal net assessment as we see it in the Department of Defense.

Just to touch on a few issues in that net assessment which I have also covered in my prepared statement, let me begin by saying that the greatest challenge we have in doing a net assessment is in assessing the direction, scope, pace, and the method of changes in Soviet military strategy. On the one hand, we see convincing evidence that President Gorbachev has every intention of carrying out his plan for unilateral reductions and for reducing the more threatening aspects of his forces, to make them look more defensive, and he also seems to be committed to pursue arms control break-

throughs to get the treaties that we have been negotiating for a number of years finished and down and completed and signed.

Conversely, it is also clear that he has to do this, that he has to take every opportunity to make virtue of necessity because of his serious economic problems. Thus, even as Soviet unilateral troop cuts in Eastern Europe proceed apace, much of the residual equipment is being retained to modernize remaining units, and while forces are being withdrawn into the Soviet Union, a process which will probably accelerate in the months ahead, the long-term status of these forces once back in the Soviet Union is still not clear.

There can also be no doubt that Soviet military planners will make the case for a sizable reserve and for the ability to mobilize it should it ever be necessary. Moreover, despite the promise of a START agreement in 1990, the Soviets' stable, long-term strategic modernization programs have produced a daunting nuclear force posture and will continue to do so.

For some time, the Soviets have been shaping their strategic nuclear modernization program to be compliant with the emerging START Treaty. We can expect that they will continue to upgrade ICBM's, SSBN's, and bombers throughout the coming decade. Such upgrading will make these systems increasingly accurate and place our forces at increasing risk.

Soviet forces will also be more survivable. They have already deployed a significant number of their planned rail-based SS-24's and SS-25 road-mobile ICBM's and, as you well know, we have yet to field a mobile missile with comparable capabilities. By the mid- to late-1990's, Soviet mobile systems could well comprise one-half of their total ICBM force.

It seems to me, Mr. Chairman, for us to continue to provide a credible deterrent we also need mobile missiles and systems such as the B-2 that are capable of holding at risk Soviet mobile missile systems. The bottom line, in my judgment and the judgment of my military colleagues, is that we continue to need a modern triad to deter Soviet modernization efforts and to preserve our three strategic legs, and that includes mobile systems, it includes a new penetrating bomber, and all undergirded with, I think, the promise of SDI. So we continue to need to put resources into SDI research.

On balance, the Soviet space programs, turning to that briefly, are geared more toward warfighting than ours. Their systems are expected to continue to improve, but at potentially reduced rates. And, as you know, we are only now taking steps to realize similar capabilities to ensure our access to space and to make sure that we do not allow the Soviets to have a haven in space. We need the ASAT Program that is under development; although it has been a source of controversy between the administration and the Congress.

In assessing conventional forces in Europe, non-Soviet Warsaw Pact nations currently furnish 40 percent of the forces in the central region and 50 percent of those in the southern region. Thus, considering the new political orientation of the non-Soviet-Warsaw Pact nations, our judgments clearly accept a significant reduction in pact capabilities as well as a dramatic diminution in the likelihood of East-West conflict.

But, while taking into account current political upheaval as well as Soviet unilateral reductions, considerable conventional force asymmetries will remain for some time to come, until we get the CFE Treaty completed and until we go through the reduction period of the CFE Treaty, getting both sides down to parity.

If I could just briefly turn to some of the other regions in the world, in the Pacific it is unlikely that the Soviets will initiate any hostilities which seriously threaten our interests. Much of Soviet attention will continue to remain focused on their bilateral concerns with China. And, as a part of their general force reductions, the Soviets have begun to draw down land and air forces in Mongolia, throughout the eastern districts of the Soviet Union, and at Cam Ranh Bay in Vietnam.

Additionally, the readiness of the Soviet Pacific fleet will decline somewhat as older ships are retired, although the residual fleet will be quite modern and quite capable.

Similarly, we believe their fleet out-of-area deployments will continue to decline. This said, however, their naval capabilities will continue to be significant and provide a potential threat to the United States in the Pacific but a threat that I think we are able to handle.

On the Korean Peninsula, although there have been signs of a desire to talk, the dialog between the two countries has done nothing to convince us so far that the North Koreans want to change the fundamental confrontational relationship. The North Koreans continue to maintain formidable armed forces but our assessment is that our current security relationship with South Korea will deter aggression on the peninsula. So we are comfortable about our situation there.

In other theaters of the world, we have the wherewithal to protect our interests. We have forces that are ready at a moment's notice, should United States interests be challenged, and I demonstrated our ability to respond to something quickly and quite well in Panama in December.

I could go on at length, Mr. Chairman, but I think it is fairly well covered in my prepared statement.

The question I would like to turn to is, with this rapidly changing world, what kind of a strategy do we need. I get criticized for not having a new strategy. I get criticized if I suggest that all we need is a revised strategy. Some people say the old strategy is just fine. I do not know how to answer that question.

Whatever you want to call it—new, old, revised, or otherwise—the strategy has to continue to have certain key elements, it seems to me. Element No. 1 is that deterrent strength is the key to peace. Never let any adversary doubt our peaceful intention, but at the same time never let any adversary doubt our willingness to bear arms in our defense, and never let any adversary question the strength of our arms.

I believe that one of the reasons the Soviet Union is moving in the direction it is moving now is that we matched them. We matched them throughout the postwar period strength to strength. We beat them economically. We beat them with our moral system. We beat them with our political system. And whenever they decided to try to use their military strength to seek advantage, we were

prepared to match it. Mr. Gorbachev has realized the futility of pursuing military options or the use of the Red army for purposes outside the Soviet Union. And now that he has made that judgment and is moving in this new direction, I do not want him to ever have any second thoughts about it or any other Soviet leader to have second thoughts about it.

Whenever they turn around to see if there is an easier way behind them, I want them to see combat-ready, prepared, strong U.S. Armed Forces as part of the two great alliances in the Atlantic and Pacific still on guard. This is not after World War II. This is not after Vietnam, where we should just suddenly say it is all over, let us demobilize. That, it would seem to me, would be the worst thing we could do now, to take precipitous action with respect to our Armed Forces, because it has been the strength of our arms that has persuaded the Soviet Union in part to move in this new direction and I do not want them to turn around and not see us ready, willing, and able.

We also, Mr. Chairman, it seems to me, have to remain faithful to our friends and allies who have collectively stood with us for the last 40 years. To break that faith, to begin to disengage, to take unilateral actions independent from what our allies are doing, it seems to me would surely put our gains at risk and fail to secure the promise of the future. So we must always, Mr. Chairman and members of the committee, be prepared for the contingency that nobody planned for and the crisis that we did not know was coming until we woke up this morning and it was there. And that means ready forces, forces that we are proud of.

What does this all mean for the Armed Forces as we enter this very, very fascinating last decade of the century? We will get smaller. We know that. We will cut our force structure. We will cut the number of our units. We can do this. We can do this prudently. We can do it safely. We can do it with no additional risk to the Nation, as I see it when we look ahead. This means we have to cut our base structure. It means we have to cut programs. But we have got to do it in a very rational, careful way. But we can do it.

It also seems to me that our strategic forces, our crown jewels, must be modernized to continue to deter a modernized Soviet strategic force. I have had lots of conversations with Soviet officials over the last 3 years, both as National Security Advisor and as Chairman of the Joint Chiefs of Staff—with Marshal Akhromeyev. The chairman of the KGB and I are good acquaintances—let me leave it at that. [Laughter.]

General Moiseyev and I have had extended conversations. I have been at five summit sessions or ministerial sessions with Mr. Gorbachev. I know most of the senior officials in the foreign ministry. I have talked to them on a range of issues, running from nationalities to conventional force reductions, to INF. I helped negotiate the INF Treaty. And the one area where there is no serious engagement has to do with perestroika and glasnost with respect to strategic nuclear forces. They are moving ahead with the modernization of all three strategic legs. They are anxious to get treaties down, but they have already decided what kind of modernized forces they want to have after that treaty is down.

They consider those weapons the crown jewels of their arsenal. Those weapons are our crown jewels. And until the day when we can safely eliminate them from the face of the Earth, it seems to me we have no choice but to make sure that we never are second-best with respect to the correlation of nuclear forces, strategic nuclear forces.

It seems to me also, Mr. Chairman, we have to be prepared to continue to defend forward in Europe and the Pacific—at lower levels with perhaps fewer operating forces out there—but this is not the time to pull back across the Atlantic and Pacific. We must maintain maritime superiority. Just as it was when the Constitution was written and our Founding Fathers told us to provide for and maintain a navy, our commercial interests and our security interests lie across the ocean and we have to maintain maritime superiority.

We must have reinforcing and mobility forces so that if the world takes turns that we cannot anticipate and we are in danger we will have the ability to respond to that danger and move forces quickly and effectively and efficiently. We must have, it seems to me, an investment program that continues to ensure that we put the best weapons in the hands of our soldiers, sailors, airmen, and marines if we intend to put them in harm's way. We have to be very careful about this. We cannot just incrementally buy better systems any longer. We cannot afford that. We have to look for bold opportunities to get much better weapons systems for the investment that we will be making in them.

So you will start to see in the defense budget, particularly in 1991, we cut back existing programs in order to husband resources to make the necessary R&D investments into systems that will give us greater payoff in the future as we assess the future threat.

Most of all, Mr. Chairman, at whatever level we drop the size of the Armed Forces to, we have to make sure that those Armed Forces consist of high-quality men and women that we are prepared to support, we are prepared to give them the training they need, we are prepared to give them the equipment and repair parts and the base structure and the quality of life programs that make them proud to serve in the Armed Forces of the United States, that make them feel that their leaders, from that squad leader to the chairman of this committee and the Chairman of the Joint Chiefs of Staff, support them and believe in them—so they can be proud of their service to the Nation, volunteer service to the Nation, and that we can be proud of them.

If we lose that, if we break that by precipitous actions over the next year or two, we will have done a terrible disservice to the security interests of this Nation.

Let me illustrate that for you, if I may, Mr. Chairman. I have two messages. The first one is a report of my counterpart, General Moiseyev, who is in greater trouble than I am, and this is an FBI broadcast. It is an interview he gave. He is just going on. He is mad. He is learning what it is to deal with a legislative body. [Laughter.]

And he is mad because in the recent meeting of the Communist Party of the Soviet Union Central Committee plenum they approved a draft platform, and it said nothing about the armed forces

of the Soviet Union. So General Moiseyev is moaning about that, and he said:

Army and Navy communists would have liked the document to set forth the truth. In particular, the section devoted to defense does not fully reflect the contribution of the Soviet armed forces to defending the nation. Their role is, to some extent, belittled, and there is evidence of a desire to exclude the army from society's active life and cut it off from the people.

He goes on to moan about what is happening in Eastern Europe. He said:

More than 35,000 officers and warrant officers and some 30,000 families will be returning to the motherland. We do not rule out the possibility this will also happen in Poland and East Germany. We will withdraw the troops, but no one has given much thought to what this means. We will still become more keenly aware of the social problems associated with the provision of facilities to the officers. We have 19,000 children who are coming back home without schools.

In other words, he is afraid his army is about to get broken, because nobody is willing to look after the welfare of his soldiers as they come back to the Soviet Union. He also says that he is concerned that in the fall draft more than 6,500 people refused to serve in the Soviet army. He also goes on to complain that in some of the socialist republics, for example in Estonia, the draft boards are refusing to meet. They are refusing to meet to induct and conscript people into the armed forces, and in fact they are refusing to give money to the draft boards, so even if they could meet they could not operate.

And then he goes on to bemoan the fact that at present there are 1,200 deserters running around the Trans-Caucasus who refused to fight when they were sent in to put down some of the disturbances in the Trans-Caucasus. This is a man who is on the verge of seeing his armed forces snapped. I do not ever want to get in his position. I want to continue to be more like another message I am going to extract from.

This is a message that was sent back by our DAO in Moscow, and it reflects his debriefing of Soviet officers who have visited recently, and in particular Minister Yazov, who was here last year. He goes on and on about what the Soviets thought, and they could not believe some of the things they saw and what New York was like for the first time and how impressed they were.

And when they saw soldiers with greasepaint all over them, both at Fort Bragg and on the west coast, they thought it was Indian warpaint. They did not realize it was camouflage. But let me just read one paragraph which is so reflective of what they saw and what they carried home. The paragraph is titled "Patriotism." This is our attaché speaking:

In routine American military customs and courtesies, the Soviets perceived widespread authentic patriotism, respect for the flag, and respect for the military. Both Yazov and Achilov subsequently commented on all standing in respect when the 82d Airborne chorus sang the Army song—all Army officers and all the soldiers standing. Kuzman, onboard ship in San Diego Harbor, commented on the habitual respect shown the flag and how this seemed characteristic of Americans in general. He noted that sailors always said U.S. Navy, not just Navy, and that the service's pride in its country was returned by the country's citizens.

And that is what we have built back up in the last 10 or 15 years—servicemen and servicewomen who are proud of their own

service, proud of their service to the Nation, and a nation that is proud of its servicemen and women.

That has taken us time to build up, Mr. Chairman, and I just beg the committee that as we start to reshape and go down, do not push us too fast, particularly in fiscal year 1991, or you will start to break that faith.

Mr. Chairman, I would be delighted to take your questions.

[The statement follows:]

STATEMENT OF GEN. COLIN L. POWELL, CHAIRMAN, JOINT CHIEFS OF STAFF

INTRODUCTION

Mr. Chairman and members of the Committee, thank you for the opportunity to testify on America's military posture in connection with your hearings on President Bush's defense budget.

The images of the past 13 months or so have so captured the world's attention that it is almost a platitude for me to conclude that these are the most exciting times in forty years. The Free World has persevered, held out its values for all to see, kept its strength throughout calm and tumult, and now the prospects for the future are enticing, exhilarating, and may constitute a fundamental turning point in human history.

In some ways, I compare our current situation to the immediate post-World War II period. We and our allies had settled the balance of power in the world in a manner made possible by our tremendous systemic strength. But the more complex and difficult challenge lay ahead of us—how to manage the transition to peace and the peace itself. Some people assumed that such a resounding victory as we had achieved would automatically produce peace. Today we know that no proposition could be further from reality: there is no automaticity to peace whatsoever. Peace comes—and stays—when free people are strong and ready.

Today's domestic climate is not too dissimilar from the climate created by our overwhelming World War II victory. Some people are poised to make decisions calling for the precipitous dismantlement of the very strength that brought the prospects for peace. We know that this year, and for the next few years, we will engage in a great struggle to determine whether we will repeat failures of the past and cause this dismantlement or, having learned our lessons, continue to maintain the needed strength to avoid putting America at risk.

Our eyes are open. Indeed, to remain blind to the change in the world would be an egregious and unpardonable mistake. The Secretary and I know the Department will get fewer funds, we know the armed forces will be decreased in number and that the Department will shrink. We know also that the risk of making these changes is acceptable, that the nation cannot afford to do otherwise. But we must not shatter the armed forces. We must not make them a shadow of strength. We must not devastate what we have invested so much of our treasure to build during the past decade.

Secretary Cheney and I began our efforts with an eye to history, current events, and with a view to the future. But not with a view to dissolving America's strength. I took my present job in the hope that I could help shape our armed forces for the future challenge, not to demobilize them precipitously and weaken our position in the world. The Soviets have not made the mistake of equating withdrawal and restructuring with disarming, and neither should we.

MILITARY STRATEGY AND POSTURE

Our military strategy is designed to safeguard and promote enduring national interests—and it is working dramatically well. Those interests are unchanged by the volcano of events in the world:

The survival of the United States as a free and independent nation; the continuance of a healthy and growing economy that provides opportunity for individual prosperity and a resource base for our national endeavors; and the maintenance of vigorous alliance relationships that bolster forward defense of the United States, secure our allies, and collectively maintain peace with freedom in the world.

BASIC OBJECTIVES

Two of our national defense policy's basic objectives are:

To deter military attack against the United States, its allies, and other important countries; and to ensure the defeat of such an attack should deterrence fail; and to increase U.S. influence around the world, to further an atmosphere conducive to democratic progress, and to protect free commerce and ensure U.S. access to world markets, associated critical resources, the oceans, and Space.

These objectives remind us that America cannot choose between military security and economic security. The two are inextricably intertwined. On a smaller but similar scale, the peaceful trade and economic prosperity of a city is dependent on the vigilant presence of the local policeman as much as it is on the ebb and flow of the vitals of commerce. No city mayor would consider abolishing his police force because were he to do so, the city's peace would soon dissolve and disappear.

MILITARY POSTURE

Our global military posture is designed to keep the peace. The presence and readiness of our armed forces, here and overseas, prevents small crises from becoming big ones, deters major hostilities, reassures allies, and provides for dealing with unforeseeable contingencies wherever they may arise.

We try to keep these armed forces balanced. Balanced in terms of the strategy we call upon them to implement, the possible enemies they may have to contend with, the technology we can provide them, and the dollars available to raise, maintain, provide for, and sustain them.

We try to keep them balanced also in the sense of quality people, superb training, a high state of readiness and a pride in service to the nation.

And, with all of the foregoing in mind, we try to keep them balanced in terms of how they are divided between the active and reserve components.

In the world environment of the present and the foreseeable future, a durable consensus on the amount of dollars needed to support these efforts and these forces is essential to keep risks at an acceptable level.

THE DRAMATICALLY CHANGING WORLD SCENE

We are witnessing today the long-term success of policies we put in motion over forty years ago. Mid-term success produced a vibrant, cohesive, and dynamic Western Europe out of the utter devastation of world war. Among those nations at the forefront in that resurgent Europe was a democratic West Germany. Implacable foes became the closest of allies, marking one of the most extraordinary transformations in history.

Today, the long-term effects of that success are breathtaking to watch—from the collapse of the Berlin Wall to the potential for the ultimate democratization of Eastern Europe. The systemic crisis of our principal adversary, the Soviet Union, is the immediate catalyst for this historic and dramatic change but we and our steadfast allies provided the chemistry to which the catalyst was applied.

Though the spellbinding changes in Europe rivet our attention, there is much more on the horizon as well. In Asia, Japan was our archenemy in December 1941 and for almost four bitter years thereafter. Today Japan is an economic and democratic goliath and one of our closest allies. Again, our policies and our strategy following the devastation of World War II brought this transformation about. The bilateral security relationship between the U.S. and Japan has been a principal ingredient in the chemistry that produced the changes sweeping the globe today.

The march toward democracy and freedom seems inexorable. In Africa and Asia, in Europe and in Latin America, the principles our founding fathers brilliantly encapsulated in our two most famous documents, the Declaration of Independence and the Constitution with its Bill of Rights, seem to be on the lips of a remarkable majority of the world's peoples. Our founding fathers would find no mystery in this, merely the confirmation of their fondest hopes and their firmest beliefs. Soviet Military Power in Transition

To give credit where credit is due, a Soviet leader of considerable vision and daring has set the stage for much of this sweeping change. President Gorbachev has embarked on a difficult course to renovate and repair the Soviet system. It is a formidable task and we wish him well. But we know a part of that system he wishes to renovate and repair is the Soviet military establishment.

President Gorbachev has no intention of demobilizing the Soviet military. The four tenets of President Gorbachev's plan for his military are withdrawal, reductions, and—we must not forget—restructuring and modernization. The end result will not be a demobilized military but a smaller and more modern force. These Soviet intentions present the United States with both opportunities and challenges—opportunities to reposition and restructure as a longstanding threat recedes,

and challenges to sustain the nation's military strength in an emerging security environment of enormous complexity.

Throughout this promising but turbulent transition from an era of single-minded pursuit of containment, to an age of proliferating threats, I, as the Commander-in-Chief's principal military advisor, must stay focused on the continuing reality of an enormous Soviet military capability. I cannot afford to be distracted by Soviet charm or sudden openness or the present disarray in the Soviet economy—even as I hope and plan for the prospects of a genuine, irrevocable reversal in Soviet foreign policy and all the advantages that such an outcome would bring to the world.

Equally important, I must devote increasing attention to the plain and simple fact that we as a superpower have grave responsibilities in the world, and to the realization that America offers the greatest hope to those peoples still oppressed.

And as I focus on these world realities and set about helping the Secretary of Defense to restructure the armed forces, I will not put America at risk. I never want to return to that leisurely, comfortable "From Here to Eternity" attitude of the 1930s that helped invite global conflict to an unsuspecting world.

NET ASSESSMENT

That being said, however, I cannot imagine a more challenging environment in which to set about the task of reshaping America's armed forces.

Nowhere is the challenge greater than in assessing the direction, scope, pace and momentum of the changes in Soviet military strength. On the one hand, I see convincing evidence that President Gorbachev intends to carry through his plans for unilateral cuts, for reducing the more threatening aspects of his forces and for achieving arms control breakthroughs. Conversely, it is also clear that he intends to take every opportunity to make virtue of necessity.

Thus, even as Soviet unilateral troop cuts in Eastern Europe proceed apace, much of the residual equipment is serving to modernize remaining units. While forces are being withdrawn into the Soviet Union—a process which may well accelerate in the months ahead—their long term status is unknown. And there can be no doubt that Soviet military planners will make the case for a sizable reserve and a credible mobilization capability. Moreover, despite the promise of a START agreement in 1990, the Soviets' stable, long term strategic modernization programs have produced a daunting nuclear force posture—and will continue to do so.

These and other ambiguities make capability comparisons especially difficult. Nevertheless, as directed, the Secretary of Defense will provide Members of Congress a Joint Military Net Assessment (JMNA). It is in the final stages of approval. Here I want to emphasize several points from that assessment.

As I noted, the Soviets have for some time been shaping their strategic nuclear modernization program to be compliant with future START treaty constraints. We can expect continual upgrading of ICBMs, SSBNs, and bombers throughout the coming decade. Such upgrading will make these systems increasingly accurate and place our forces at increasing risk. Soviet forces will also be more survivable—making ours less effective. Today, the Soviets have already deployed a significant number of their planned rail-based SS-24s and their road-mobile SS-25s. As you well know, we have yet to field a mobile missile with comparable capability. By the mid to late 90s Soviet mobile systems could comprise one-half of their total ICBM force. To continue to provide a credible deterrent, we also need mobile missiles, and systems such as the B-2 that are capable of holding at risk these Soviet mobile missiles.

The Soviets have also constructed an impressive system of strategic communications facilities and both hardened and mobile command posts. In addition, they have continued to modernize their treaty compliant Moscow ABM system consisting of radars and two classes of missiles. These improvements coupled with their robust air defense systems mean we will have to modernize our systems so they can reach potential targets with the assurance we require.

On balance, Soviet space programs are geared more toward warfighting than ours. Their systems are expected to continue to improve, but at potentially reduced rates. To complement their existing on-orbit space systems, the Soviets have the capability to place additional systems on orbit quite rapidly. Moreover, they have a credible capability to conduct ASAT operations. As you know, we are only now taking steps to realize similar capabilities. To ensure our access to space and to deny a haven in space to any enemy in time of crisis, we need the ASAT program that is under development. Although our space programs are generally oriented toward peacetime activities, initiatives are underway to improve our capabilities across a broad range of conflict. Specific improvements are being applied in the general areas of launch

and satellite system performance, reconstitution and survivability, as well as in ground-based surveillance for space control.

In assessing conventional forces in Europe, we noted that Non-Soviet Warsaw Pact nations currently furnish 40 percent of the forces in the Central Region and 50 percent of those in the Southern Region. Thus, considering the new political orientation of the Non-Soviet Warsaw Pact nations, our judgments clearly accept a related reduction in Pact capabilities as well as a dramatic diminution in the likelihood of East-West hostilities. But, while taking into account current political upheaval, as well as Soviet unilateral reductions, we noted that considerable conventional force asymmetries remain and will for some time to come. During this process of restructuring, the Soviets have been using some of the equipment they have removed to make other units more capable and, although they have reduced tank production this year by about half, they continue to outproduce us. Production of new and more capable aircraft and ships continues at a vigorous pace. Equally important, the Soviets are producing equipment whose sophistication rivals our own.

As you know, our estimates of warning time in Europe are changing for the better and we expect further improvement as unilateral reductions are completed and as the non-Soviet members of the Warsaw Pact continue to go their separate ways. We also look toward CFE negotiations to codify reductions, withdrawals, and verification measures and, therefore, virtually assure a wholesale change in the entire European security picture. We are now engaged in a reassessment of warning time, planning factors, and other important variables, but significant unknowns exist. The salient question, in my view, is when will it be prudent to translate hopes, assumptions, and what appears to be an increasingly defensive military orientation, into solid planning factors. When that time arrives, I anticipate we will be able to make historic—and perhaps permanent—changes to the defense posture that has brought historic change to Europe.

In the Pacific, it is unlikely that the Soviets would initiate hostilities which threaten our interests. Much of Soviet attention will remain focused on their bilateral concerns with China. As a part of their general force reductions, the Soviets have begun to draw down land and air forces in Mongolia, throughout the Eastern TVD, and at Cam Ranh Bay. Additionally, the readiness of the Soviet Pacific Fleet will decline somewhat as older ships are retired. Similarly, their fleet out-of-area deployments will continue to decline. This said however, their naval capabilities will continue to pose a potential threat to U.S. security interests in the region.

On the Korean Peninsula, although there have been signs of a desire to talk, the dialogue thus far between Seoul and Pyongyang has done nothing to convince us that the North Koreans want to change the confrontational relationship. They continue to maintain formidable armed forces, but our assessment is that the U.S.-Republic of Korea security relationship will continue to deter aggression on the peninsula.

In other theaters we can continue to meet our requirements. I believe the recent operations in Panama ably demonstrate our capability to respond rapidly to crisis. But I am not overly optimistic about Third World developments in general. Debt, poverty, fragile democracies and internecine struggles will continue to generate both turmoil and tragedy and thus challenges to U.S. interests. In particular, drug-trafficking, insurgency and terrorism will command ever increasing attention and resources. And the chilling facts are that in today's world, the proliferation of sophisticated weapons adds a new and unknown dimension to what were already vexing security problems.

The uncertainties embedded in these and other assessments lead me to three fundamental conclusions. First, the Soviet Union will remain a military superpower. As such, Soviet armed forces will possess vast potential regardless of the increasingly benign stated intent of the Kremlin. And that potential will remain should intentions change.

Second, and relatedly, until the profound transformation in the Soviet system is firmly rooted in democratic institutions—and it most assuredly is not at present—we would court inordinately high risks if we made irrevocable changes to the foundation of our military strength. It is still too soon to make sweeping changes to strategy, force structure and posture, and modernization. There is simply too much risk in such precipitous change. Eastern Europe—and even the Soviet Union itself—may be changing at an incredible rate, but that is certainly no reason for NATO to do so. Instead, it is sound reason to move but to avoid haste. The Soviets are in the throes of a second revolution. Because of this, we are engaged in a hopeful but as yet uncertain transition to new international security relationships.

Third, other threats to American interests do not disappear because of a retrenched Soviet Union. The problems we are likely to confront in the rest of the world in the 1990s keep me from any inclination to pronounce the end of history.

In this period of remarkable world change and its attendant instability, it is important that we and our allies continue to provide an overarching framework of stability. Thus, the fundamentals of our national military strategy remain sound. We must continue to provide a credible strategic deterrent through a modern TRIAD, protect our interests globally, retain a highly mobile and ready force for crises and contingencies, and through all of the coming restructuring avoid foreclosing options for hedging against a new or renewed threat.

THE ARCHITECTURE OF THE ARMED FORCES

With this backdrop, let me tell you about some of the issues we grappled with as we began the process of reshaping the armed forces of the United States:

THE INESCAPABLE REALITY OF NUCLEAR WEAPONS

No matter how much the most optimistic dreamer amongst us may wish it, we cannot disinvent nuclear weapons. We can try to defend against them—in the not too distant future, perhaps decisively so—and that is why we must keep pushing our Strategic Defense Initiative. As other wise Americans have said, it is inconceivable that any sane person would want to opt for mass destruction over meaningful defense as the most desirable strategic deterrent.

Since we cannot disinvent nuclear weapons, nor for the time being offer an effective defense, it is axiomatic that we must keep our strategic deterrent modernized and ready. The only way the Soviets can destroy us in thirty minutes is with their strategic nuclear weapons. We must deter the use of those weapons. We must have a triad of air, land, and sea-based nuclear weapons that represents state-of-the-art capability so that no Soviet leader would ever contemplate using his nuclear arsenal against us.

CONVENTIONAL FORCES FOR FORWARD DEFENSE

In areas critical to our interests we must be able to conduct and support forward defense. In Europe, in Japan, on the Korean Peninsula, in the Philippines, in Southwest Asia, and in Latin America U.S. forces constitute the primary deterrent to conflict in the region. Our forward-deployed forces also constitute the leading edge of the capability to execute our military strategy should deterrence fail. Moreover, our forward-based troop and aircraft deployments and continuous naval presence in key areas demonstrate to our allies, our friends, and our adversaries that our commitment in the region is rock solid.

Our capability to reinforce these forward-deployed forces is also fundamental to deterrence and, should it fail, to warfighting. We can adjust the timetables for reinforcement based on a careful assessment of the various threats, but we must not dismantle the procedures, the mechanisms, nor the forces that reinforcement requires.

CONVENTIONAL FORCES FOR CRISES AND CONTINGENCIES

In the first ten weeks in my job as Chairman, I received ample proof of the need for conventional forces. I helped the President and the Secretary with crises in Panama, on the border of Nicaragua and Honduras, in El Salvador, and in the Philippines. I am well aware of the leverage that military forces provide in such circumstances. Perhaps more so, I can sense the nakedness our national leaders would feel were they to lack such an instrument. We do not want to be in the situation where we watch a crisis erupt and grow and our only reaction is, finally, mobilization for the war that the crisis eventually produces.

The war plans maintained by our warfighting CINCs around the globe are not simply aimed at the Soviets. Certain plans are aimed at a particular threat to U.S. interests that might foreseeably develop in specific areas of the world. Each such plan has a complement of military forces that is intrinsic to its successful execution. In our recent operations in Panama, the Members of Congress, our friends and our potential adversaries witnessed a dramatic example of the capability of our conventional forces to execute our plans. In this case, it became increasingly clear that to protect the interests of both the United States and Panama, we needed to act. We deployed significant conventional forces and successfully carried out the contingency operation and, at the same time, prevented a potentially larger crisis. In short,

we protected American lives and restored to power the duly elected leaders of Panama.

CONVENTIONAL FORCES FOR THE DRUG WAR AND FOR ANTI-TERRORISM

As you are all aware, I believe the American people want the armed forces to participate in the war on illegal drugs. I believed this when I was the Commander in Chief of Forces Command and I continue to believe it now. Impacting the flow of drugs into the U.S. is not a mission we will accomplish to the satisfaction of the American people in a brief period of time. We are in this one for the long haul. Acting always in accordance with the laws and traditions of our nation, we can make a significant contribution and we are planning to do so.

As for terrorism, we all hope that scourge goes away or at least diminishes. But we all know that for the time being it probably will continue to haunt us. While military force is only infrequently the right answer to terrorism, under certain circumstances it can be. We do not want to lose the option to exercise it should those circumstances arise.

STRATEGIC MOBILITY

I cannot speak of conventional forces in crisis management, contingencies, or counterterrorist actions without stating the requirement for the strategic means to get those forces to the scene of battle. We must have the aircraft and the ships to get our forces to the action. The less our forces are forward-deployed, the more efficient and effective these ships and aircraft must be.

SPACE

The importance of Space to our modern armed forces is growing daily. At present, we would be hard-pressed to retain the precision and timeliness of our ability to react to crisis or to control contingency operations, without our Space assets. We would be equally hard-pressed to accomplish necessary surveillance and verify arms control treaties and agreements without our Space assets. Space is not yet indispensable to all our military operations, but it is rapidly growing in importance.

A GLOBAL PERSPECTIVE WITH REGIONAL REALITIES

As I told General Moiseyev and my Eastern and Western European counterparts in Vienna several weeks ago, the United States has global responsibilities. We cannot afford to become myopic nor to focus on a single portion of the globe. We are a superpower and the leader of the Free World. With that position go certain realities.

EUROPE

Europe remains our first order of business. Despite the sweeping changes there, certain realities endure. While we will reduce the number of our forces in Europe, there is nothing whatsoever on the horizon that indicates to me that we can disengage from the continent entirely.

NATO will remain an important alliance well into the future. No one in Europe views the U.S. presence there or the NATO Alliance as an anachronism. They view both our presence and the Alliance as the needed ingredients for stability and for the fulfillment of their and our political vision of a Europe whole and free. Because it is an alliance of nations with common values and aspirations, its foundation is far firmer than its military dimensions might suggest. At the same time, however, our armed forces in Europe are our commitment to stay. Our armed forces signal to the Europeans that we are in the contest for the long haul, that our endurance is sufficient to ensure a genuine peace. In short, our armed forces tell the nations of Western Europe that we are sincere when we say we are defending the United States and the Europeans by being in Europe. Successful alliances are built on shared hopes and values. They are sustained by these things too but not without military power. It is helpful to remember that a central tenet of the NATO Alliance has always been: strength without dialogue is politically untenable, but dialogue without strength is morally—and literally—indefensible.

Our destiny, now and in the future, is wrapped up in the destiny of Europe. Essentially, that has been true since the first colonist set foot on this continent almost four centuries ago. That is an enduring reality.

EAST ASIA AND THE PACIFIC

For what is essentially an economy of force operation in the Pacific and Asia, the United States has purchased peace, prosperity, stability, and democratic progress in the region for the past 15 years. For a pair of forward-deployed Army divisions, a single numbered fleet, the equivalent of four tactical fighter wings, some Marine air-ground task forces, and a carefully constructed security assistance program, we have done all this. Japan has become the economic engine of the Pacific and much of the world. South Korea has a phenomenal economic growth rate. Thailand is prospering and with the Vietnamese out of Cambodia, will likely move ahead with amazing speed. The Philippines, with fits and starts, is still practicing democracy. The failures in the area are few and on the other side: North Korea and Vietnam. And even they show signs of waking up, signs that they are listening to—as a minimum—the call of open markets.

We cannot afford to disengage in a major way from this region of the world. We have won too much. Our friends and our allies do not want to see us disengage. They know that politics and nature abhor a vacuum and that into the power vacuum created by major U.S. disengagement from the region would flow only God knows what. They trust the United States in matters of gravest importance and they do not want us to abandon the region.

We have fought our last two major wars in the Pacific, and we had a crisis there—in the Philippines—less than three months ago. To disengage in a major way, to remove all our Army, our Air Force, our Navy, and our Marines and go home, would see us coming back in the future under far less desirable circumstances; or, worse, losing the inclination to return and with that loss, forfeiting our access to the economic might supporting our superpower status. These are the enduring realities of the Asia and Pacific region.

MIDDLE EAST AND SOUTHWEST ASIA

We still patrol the Persian Gulf. We still provide military forces to the multinational peacekeeping force in the Middle East. We still have security relationships with nations in the region. We still get a large amount of oil that passes through the Strait of Hormuz, and so do our allies. Iran and Iraq, without a peace treaty, still stand and eye each other warily. They are armed to the teeth. Iraq alone has over 1,000 first-line tanks and battle-hardened tankers to man them. These are all enduring realities in this region.

We have made our work easier in this critical part of the world. Operation Earnest Will, our escort of U.S.-flagged tankers in the Persian Gulf, and the associated military operations, helped create more confidence in the United States. The Gulf Cooperation Council states now have increased faith in America and have responded accordingly.

Moreover, new realities may be in the making. A more cooperative Soviet Union, a more tractable PLO, a war-weary region, a Syria without strident Soviet support, and so on, may bring about change. But for the moment and for the near future, these are realities we hope for. Meantime, the old realities endure. Indeed, they are perhaps the oldest realities with the greatest endurance of any in the world. We simply cannot afford to ignore them. We do so at extreme peril to our own livelihood, that of our allies, and certainly that of the state of Israel.

LATIN AMERICA

In our own hemisphere, I have had the most pressing crises of my first four months on the job. The conflict in El Salvador is to the Salvadorans a full-scale war and demands our daily attention. A freely elected, democratic government is threatened by communist insurgents supported by other governments. On the borders with Nicaragua, there is constant tension as Honduras and Costa Rica watch the largest Army in this hemisphere outside the U.S. go through its daily routines. And the democratically-elected government in El Salvador looks across the Gulf of Fonseca and sees this same Nicaragua sending arms to the insurgents in El Salvador. And in Panama, at the close of 1989 we found it necessary to translate our previous longstanding diplomatic and economic efforts into military force, or risk more American lives and a deteriorating situation in an area of great interest to the nation. We chose to use force and, as a result, we have put our diplomacy and our economic efforts back on track and given Panamanians solid hope for a future of freedom and democracy in their nation.

In summary, Latin America will continue to demand our attention. The rapid procession toward freedom and democracy and civilian governments is still resisted by

forces whose chief motivation in the world, communism, is dying fast. Adding to this resistance are the realities of a huge debt, a somewhat dismal economic environment, and the omnipresent greed of narco-traffickers. We cannot afford to allow this regional procession toward democracy, every bit as marvelous as the one in Eastern Europe, to succumb to these pressures.

A VIEW TO THE FUTURE

In 1985, Mr. Chairman, you and your colleagues in both houses began to tell the Department of Defense that we were going to spend less on the military. This was before Mr. Gorbachev's charm and enlightened self-interest took the world by storm, and before any announcement of substantial Soviet reductions in their military forces. Since that time we have had no real growth or a real decline in every annual budget. Because of other pressing domestic demands on our national resources, that was a reasonable approach to doing business.

Now that we do have a certain reduction in the Soviet military threat, albeit a fairly small one in terms of capabilities, it is reasonable to continue that approach. It is not reasonable nor wise, nor very safe for this nation, to draw down our armed forces precipitously and I am opposed to any such extreme approach.

When people ask me if we have a strategy for the future I tell them that we most assuredly do. It is a strategy based on the enduring realities I have described to you, on the continuing quite capable military potential of the Soviet Union, on the changed public consensus on defense spending, and on the determination that America shall not cease to be a superpower. It is a strategy that has about it nothing of the Soviets' desperation. They have created a one-dimensional superpower, a Third World nation with a First World military force. They are re-examining their alliances, sending mixed signals to their client states around the world—who are losing too—and they are retrenching in key areas so they can eventually achieve multi-dimensional superpower status. We, on the other hand, are seeing our post-war strategy vindicated. Our strategy must evolve to accommodate both our victory and the Soviet desire to change, no matter how that desire turns out in reality. Our strategy must not abandon the victory nor compromise its completeness.

What emerges from this evolutionary approach to changes in our defense posture is a reshaped but balanced military that can do the things that have to be done to keep America from unacceptable risk. What emerges from my analysis of the military forces needed to implement the first stage of this evolutionary approach is the President's fiscal year 1991 budget.

DEFENSE BUDGET FOR FISCAL YEAR 1991

The President's Budget for the Department of Defense in fiscal year 1991 recognizes the dramatic changes in the world and projects a prudent, corresponding and long-term reduction in the U.S. military. The Budget projects real declines in spending, at roughly two percent per year, in 1991 and the years which follow. The 1991 Budget will bring the total real decline since 1985 to 16 percent. As you know, because of this decline we have already removed some force structure, brought a halt to improvements in readiness and sustainability, and deeply reduced modernization programs.

Secretary Cheney and Deputy Secretary Atwood have made real progress in identifying management changes and efficiencies which will help offset funding reductions and help us buy defense capabilities more economically. Even so, as Department funding continues to decline, each year will bring some substantial cuts in our military capabilities—smaller force structure, base and facilities closures, and elimination of acquisition programs. I have worked closely with the Secretary to pinpoint where these cuts should be made in the 1991 Budget adjustment. We are still working on where the additional cuts should be made in our overall fiscal year 1992-1997 program.

As the Secretary and I worked these matters, we determined that our foremost priority is that we preserve the *force quality* that we have so carefully nurtured during the last decade. This quality has two vital elements: trained, ready and proud people balanced with modern, effective weapons systems. Thus, in the FY 1991 Budget we have eliminated the lower priority acquisition programs and portions of the force structure to preserve the high quality of what remains. In the world we face today—and that we calculate we will face next year—we are satisfied our efforts will provide the nation a military establishment capable of accomplishing national security objectives.

The 1991 submission reduces active duty manpower by over 91,000 from 1989 levels. We will make these reductions through reduced recruitment, voluntary early

separations, and other actions short of involuntary reductions in force (RIF). To maintain high quality and morale, it is crucial we reduce strength gradually—without a RIF and with sufficient new enlistments to sustain the numbers of high quality people for skilled occupations. We cannot sustain long-term, volunteer manpower at high quality levels if we slash manpower precipitously.

Acquisition of quality weapons systems, in the face of declining resources, requires hard choices. We cannot take the seemingly easy path of canceling our next generation of high technology systems. The Soviets are clearly protecting their own such systems in their restructuring, and the increasingly sophisticated weapons in the arsenals of some potentially unfriendly non-communist countries cannot be ignored in our planning. We looked at the capability and size of the military forces we will need in the long-term and sought to provide the highest priority to the development and procurement programs which support that outlook. We simply cannot afford the luxuries of buying current-generation systems that exceed the needs of our projected smaller force, or of continuing to develop systems whose eventual production will clearly not be affordable.

Our decisions in force structure reductions must demonstrate equal clarity of vision. As the size of our armed forces decreases, we must ensure that we identify and protect those forces which give us the flexibility to respond to a wide and increasingly unpredictable variety of threats. In the FY 1991 Budget, therefore, we reduce active heavy ground forces while continuing to provide remaining forces with the funds to maintain the high levels of readiness needed to execute short notice actions such as recently in Panama, in the Philippines, and not too long ago, in the Persian Gulf.

We also need to maintain the alliance cohesion which has helped bring about the dramatic changes in the Warsaw Pact. We must time our force reductions and withdrawals so that the overseas portions follow negotiations rather than anticipating them. Accordingly, we are starting the long-term reductions in 1991 with U.S.-based divisions and aircraft units. Reductions in overseas units are expected to follow, and we are reducing our investments in overseas construction pending identification of these units.

The Secretary and I feel strongly about the continued modernization of our strategic nuclear forces. Soviet nuclear forces are the only palpable threat to the very existence of our nation. While the Soviets appear to be reshaping their forces to conform to a future START agreement, they are continuing a robust modernization effort. We must maintain the credibility of our nuclear deterrent. A vital part of the fiscal year 1991 Budget is the carefully-phased and START-compliant modernization of each leg of our nuclear TRIAD.

CONCLUSIONS

I have spoken in complete candor in this written statement—as I promised I would in my confirmation hearing. At the outset, I spoke of the similarities between our present world and the immediate aftermath of World War II. There is another similarity I want to mention, a very encouraging similarity.

The American people are very astute at assimilating the lessons of history. After World War I, they rejected the idea of collective security and lived to regret that rejection as they fought valiantly in World War II. Following that war, they accepted the reality that some form of collective security was absolutely essential to world order, peace, and their own prosperity. They also accepted the systemic strength of the Free World as the underlying principle of that collective security. In the North Atlantic Treaty Organization and the other alliances forged in those post-war years, Americans put strong steel into their new beliefs. I believe that lesson is still alive in most Americans. I believe they still want a strong Free World, a strong America and a credible defense, they simply want it at a reasonable cost. We can give them that reasonable cost—and we can avoid putting them at risk too. The way to accomplish that twofold task is an evolutionary approach to reshaping our armed forces.

Thank you for the opportunity to provide these words for the record.

UNITED STATES FUTURE IN EUROPE

Senator INOUE. I thank you very much, Mr. Chairman. I am certain I speak for all that we are confident that you are at the helm and I can assure you that this committee will not in any way participate in the dismantling of our military.

General POWELL. I know you will not, Mr. Chairman.

Senator INOUE. Looking at the attendance here, I certainly do not have to tell you that this is extraordinary. Very seldom do we have an attendance of this magnitude. So I think this should indicate to you not only the importance of this meeting but the level of respect and confidence all of us have in you.

Since so many of us are here, I will limit my questions to two generalities to start the questions going. Obviously no one in our intelligence community predicted the results of this day or the past year. I do not suppose anyone in our community can predict what will happen a year from now. But, having said that, in reading the reports coming from Eastern Europe the following seem predictable—reunification of Germany and the political reports suggest that the Socialist Party of Germany is getting stronger. And if they should ever coalesce with the Green Party they could get a majority there.

If that is the case, we may find ourselves faced with United States get out. Are we prepared for that, and what if they tell to us get out?

General POWELL. We should leave. But I think we are quite some distance from anybody telling us, "Get out." In fact, in my meetings with a number of NATO ambassadors who have come to call in the first few months I have been there and in my discussions with senior military officials in NATO my counterparts and I have had three opportunities to meet over the last 4 to 5 months—and in my private meetings with Soviet officials, I sense that there is no groundswell for the United States to get out of Europe, NATO, and particularly in anticipation of a unified Germany, which causes some nerve endings to start jangling in various capitals, everybody seems to feel that there will continue to be a role for the United States, a major political role, in NATO, as well as a military role.

I think what the debate will be, Mr. Chairman, over how large a force is required to perform that role and exactly what role is it. It will be hard to talk about forward defense after reunification, when you discover that suddenly Germany has moved east a couple hundred miles, but the troop line has not moved east a couple hundred miles.

So General Galvin and I and the members of the military committee of NATO have to start examining what kind of military strategy—the political strategy need not change—will be required for a new situation in Europe where you have a series of neutral buffer states and one of the Warsaw Pact states—East Germany—might cease to exist this year.

So will 195,000 be the right number? For now, I think it is. I cannot see the future well enough to tell you what is below 195,000. The 195,000 was not pulled out of the air. It is a solid number that General Galvin and I worked out over a period of 3 days after we were asked to by the President and the Secretary. It reflects a corps with an infrastructure that we can reinforce and fall in on.

Now whether that is the correct number or the correct strategy after CFE or several years down the road is yet to be determined. I think there will be pressure on us to go below that in due course, pressure as a result of our own budget problems, pressure coming from Congress, and perhaps pressure coming from our European

friends. But I sense no inclination on the part of the West Europeans and, frankly, on the part of the East Europeans that I have spoken to, that the United States pull it all up and go home. And I have serious doubt that anybody is going to invite us to go home.

BASIS OF INTELLIGENCE REPORTS

Senator INOUE. In looking over your intelligence reports and analysis of Soviet strength and readiness and capabilities, I somehow get the impression—and I have been advised by others in the intelligence community—that these reports are based in a significant way upon historical trends and not on—

Senator BUMPERS. Mr. Chairman, could you speak just a little louder for the benefit of us on the end here, please?

Senator INOUE. I said that in reading over intelligence reports on Soviet preparedness and readiness and capabilities I get the impression that much of the reports are based upon historical trends instead of concrete evidence. I would like to know, is that correct?

General POWELL. It is becoming more difficult to project into the future what the Soviets might be doing, except for strategic forces, which I can assure you it is pretty clear what they are doing. But they are going through such turmoil that it is hard to make judgments about where they are going in the future.

One of the new debates raging in the Soviet Union, for example, is the idea of an all-volunteer force. The military are horrified at the prospect, but apparently they are coming under some political pressure to think about it, particularly when they come back with reports from the United States about how great ours works.

So there is no historic trend to project if they start to move in that direction. History is not to be ignored or abandoned. I mean, there are some historical trends that continue. They will continue to modernize their forces. They have always done that in the past, and we see no suggestion that the residual force is going to be a force that is not capable. It will be a modernized force that will have a less offensive orientation, but I think you can make some historical projections that suggest that the residual force will be a good force.

I must also say, Mr. Chairman, that the intelligence community is trying like the dickens, but everything they learned and all of their acquired knowledge of the last 30 or 40 years is being shaken, just like all of our acquired political knowledge and diplomatic knowledge is being shaken.

SIGNIFICANCE OF OPERATION JUST CAUSE

Senator INOUE. Our activity in Panama has been hailed as successful, and I do not doubt that at all. But to try to look at that objectively, I see the following. We had a nation there made up overwhelmingly of people who are on our side; the populace was not against us. The hostile forces facing us were not that well organized and equipped in comparison with that of the United States. We essentially set the scenario as to when we moved in and when we got out.

We also, I have been told, used over half of our airlift capacity to bring this about. Having said that, are we prepared for a much

more serious enterprise where you have a populace not friendly with us, a military that is much better prepared and better equipped—for example, with tanks and other equipment—and greater distance?

General POWELL. Well, obviously Panama should not be seen as a model of the way we would do it. We had a lot going for us in Panama—13,000 soldiers already there, plans completely rehearsed, strategic and, frankly, tactical surprise, and we had everything going for us. And it turned out that it all worked perfectly.

It would be a lot more difficult, as you suggest, if you had to project that power over a distance of 7,000 or 8,000 miles and you had no base to begin with. It would take much, much longer and casualties would obviously be much, much higher under the scenario you suggest.

We still do have the capability to do that. I was very pleased that when we were planning the Panama operation and we picked certain selected units out of our light force inventory that just about every division in the United States Army and every division in the United States Marine Corps was in a state of readiness that they could have been called on to participate in that operation right away, if we had needed those particular capabilities and heavier forces.

So I think all the forces that we have in the United States right now—ground forces and air forces—are in a state of readiness that they could be committed to a more ambitious endeavor requiring more staying power. Depending on where it is and what authorities I have to call up perhaps certain elements out of the Reserves, I would say that right now. Just to give you a more concrete answer, we could probably deploy [deleted] and sustain it for an extended period of time without a great deal of difficulty.

AIRLIFT CAPABILITY

Senator INOUE. Did we really use over one-half of our airlift?

General POWELL. I do not know if that number is quite accurate. Airlift is fascinating. On any day of the year, 80 percent of MAC is in the air. People often say to me, "Well where will you get the airlifters? They are all in the air." Eighty percent of the fleet is doing something. It is a workhorse operation. So when something like a Panama comes along, and you have a sudden surge or send troops to the Virgin Islands because of a hurricane or send troops to fight forest fires out in the Northwest or send a search and air rescue team to Ethiopia to look for Mr. Leland, as we did on very short notice, you essentially are reaching out in the sky and starting to divert that fleet.

For that particular operation, there were several hundred sorties. We may have used [deleted] percent of the fleet, but that does not make any difference to me because you take that fleet, you divert it to this purpose for several days, and then you send it back to whatever it was doing. It was a major surge and it may well have been 50 percent or even more than 50 percent. But that is why it is such a great national asset that you can divert it and surge it and then send it back to what it was doing immediately.

I would encourage any member of the committee to visit MAC someday and see the way they do it. It is fascinating. Their computers will tell them they need a plane suddenly back in Charleston because it is going to go to Fort Bragg and start going to Panama. Their computers will tell them where the plane is, what cargo is on it, where to divert it, how to unload the cargo, where it is going to need a relief crew, where to refuel it, how to get it empty to Charleston and how much time it will take to get on down to Panama. It is a fascinating operation.

Allow me to make one more point if I may, Mr. Chairman. There will be a lot of debate about the C-17 in the course of this year. People beat me up all the time as to is it 66 million ton-miles or 70 million ton-miles. I am just saying that our airlift fleet is not only a military asset; it is a national asset. And beginning shortly after the turn of the century, like 2001, 2002, the C-141's, even if they were rebuilt, will start to run out of structural life and start to become grounded. We must have a new airlifter to replace that aircraft. I believe the best choice is the C-17.

If the Congress decides otherwise, we still need a new airlifter to replace the C-141. It is a national asset that I have used almost every week since I have been Chairman. A day does not go by, a week does not go by, that somebody does not come in with something requiring the use of that national asset. And because the threat is sort of getting unclear in Europe, I hope members of the committee will not start to say, "Well, therefore, there is less of a requirement for a new, modern airlifter." It is a national asset; we need it all the time.

Senator INOUE. Thank you.

Senator Stevens.

EFFORTS TO DECLASSIFY INFORMATION

Senator STEVENS. Thank you, Mr. Chairman.

General, we have all come, I think, primarily out of respect for you, but many of us are going to disappear here very quickly, with other committees, and I am one of them. I too am going to be short.

I have read the secret version of your statement and I would urge my colleagues to do likewise. I am concerned once again that we are classifying information which is vital to the basis of our assessment individually of the request that you have made.

For instance, the concept about the strategic nuclear forces and the continued increase there, an increase in their bomber weapons. I have watched in the Soviet Far East the INF weapons be removed, only to be replaced by additional and more intensive mobile weapons. Now, is there any way we can approach this argument with greater information as to the status of the Soviet modernized strategic system that is not classified. Can we get some of this stuff out?

General POWELL. We certainly can. At every opportunity I do, and in the five open hearings that I held I have commented in open about the Soviet nuclear force modernization. I think in the paragraph you are referring to it is the specific count of additional weapons that is classified in that paragraph, but I will see if I can get that declassified.

Senator STEVENS. I urge you to do that.

MILITARY MANPOWER REDUCTIONS

Second, I have the feeling—and it is a feeling that I hope other members of this committee and the Senate hold—that you are in a very strategic position in the manpower area and in the conventional sense as far as the negotiations that are going on in Vienna and the follow-on negotiations and that, just as we have urged restraint as far as dealing with abandonment unilaterally of certain systems that we planned in the strategic area until the agreements have been reached, that we ought to have a similar concept in dealing with the conventional strength—not only manpower but the total conventional strength—of the Department of Defense and particularly, from your point of view, from the total readiness that we have.

Now are we going to be able to have some ability to get not strategy but plans from you what is going to happen if we get the current 195,000? What is going to be the target beyond that and what is the timing? I mean, you have come forward with the 195,000 figure, but it is my understanding that is a 3-year figure, is it not, to be attained in 3 years?

General POWELL. It is the end state at the end of implementation of the CFE agreement, so it would be several years out. But, frankly, budget pressures will drive us down toward that figure beginning rather quickly.

Senator STEVENS. I understand, but your planning is that you would hold that 195,000 until you get a subsequent stepdown in terms of the conventional forces.

General POWELL. That is correct.

Senator STEVENS. So what you are really coming forward with is a plan that says our current goal is 195,000. Stay with us until we get another figure that is equally sound in terms of the NATO forces vis-a-vis the Warsaw Pact; is that right?

General POWELL. That is correct.

Senator STEVENS. Is there a timeframe for that second step?

General POWELL. Not at the moment. Right now the 195,000 will be a negotiated treaty ceiling and it is a political floor for us.

Senator STEVENS. I understand, but for how long?

General POWELL. Well, I cannot answer that.

Senator STEVENS. How long is it going to take you to get to the 195,000?

General POWELL. Probably rather rapidly, but that will be as much a function of the budget pressures as it is getting down to treaty limits, because, you know, the treaty will probably give us 3 years to get there. The treaty will eventually negotiate what the effective date of the treaty is and when you have to get down to that level, and that will be several years.

But I suspect that we may get down to that a little quicker than that because of the budget pressures.

[Deleted.] They will be destroying equipment at a rate of roughly 16-to-1 compared to what we have to do. That is why I am so anxious to get that treaty finished.

The Soviets are going to destroy before our eyes 40,000 tanks. I want to see that.

Senator STEVENS. So do I. Thank you very much. I appreciate it. Senator INOUE. Senator SPECTER.

Senator SPECTER. Thank you very much, Mr. Chairman.

General Powell, I join my colleagues in congratulating you on both your career and the job you are doing as Chairman of the Joint Chiefs of Staff.

FUTURE POTENTIAL OF V-22

I would like to talk about three subjects very briefly. Two days ago we had the No. 2 man, Secretary Atwood, in and there was considerable concern, which the Chairman raised, about deferral of funds appropriated by Congress. I made reference to the direction of the Congress in both the authorization and appropriation bills signed by the President in terms of the studies to be conducted in connection with the V-22 and find that they are not really being pursued. I just want to call that to your attention.

But there is a question that I want to ask about the V-22. As we look to the future and have a different kind of threat evaluation around the world—and focus perhaps on Panama—I wonder whether the V-22 would not have been extremely helpful in more rapidly transporting troops to a situation like Panama. Perhaps it could have saved lives there or perhaps be very, very important in future analogous situations like Panama. Perhaps it should be elevated on the list of defense priorities.

General POWELL. In Panama, that specific scenario, I do not think it would have given us capability we really needed or would have dealt with problems we could not have handled with fixed and rotary wing aircraft. But, at the same time, I have no criticism of the V-22. I think it is a fine and interesting concept. It is strictly one of affordability.

As the Secretary has said on a number of occasions, there are many, fine and well thought out programs in the Department that are going to have to go by the wayside because we simply cannot afford them. And last year, under the pressure of the budget, the Secretary elected that the V-22 should be one of those that we simply cannot go into production with because it does not give us a significant enough increase in capability over other alternatives. That was his judgment.

It was a tough judgment, and we all support that judgment.

Senator SPECTER. Well, I understand the words of support. I would just like to conclude the subject by briefly noting the very strong disagreement with Congress and the bills signed by the President, which, in effect, placed the fate of the V-22 in the hands of the Senate.

MAINTAINING 14 CARRIERS

Let me move on quickly to another subject which is both a parochial interest of mine but also, I think, a key factor in national defense, and that is the Philadelphia Navy Yard. I explored, again, with Secretary Atwood the three facets which seem to me to make the Navy Yard an indispensable factor in future defense—the 14-

carrier fleet or perhaps even 12, if budget constraints do not allow defense to go forward with the procurement of new nuclear carriers at a cost of \$3 billion each.

But the question that I would like your comment on is the projection as to maintaining 14 carriers, which, if that is to be our policy for the future—and it seems to me plain that it is—how we could consider getting along without the service life extension program in a shipyard like Philadelphia with two carrier-size dry-docks.

General POWELL. I think that is an issue that the Secretary will have to address over the next several years—whether or not we can afford 14 carriers in the environment we are heading into. I am second to no man in my admiration for what carriers do for us. As National Security Advisor and Chairman, they have enormously capable flexibility.

But I think that it is not yet clear how many we will be able to afford.

Senator SPECTER. You get lost in the priorities again.

MULTINATIONAL DRUG FORCE

The last question concerns the use of U.S. forces in the drug war, and I compliment you and the Secretary. There has been a significant movement in the past year in taking on that kind of a chore, one in which the Congress has been very interested in. And noting the 95-to-5 vote which we had last year on the use of DOD funds for this drug war, and noting the sort of things which are in the offing, such as the possibility of bacteriological warfare being talked about by Director Bennett, and the unwillingness, understandably, of the Colombian Government to see any unilateral task force or even our ships in international waters, I would be interested in your observations as to whether any progress has been made on looking toward a multinational force, which was urged initially by Prime Minister Manley of Jamaica, where we have an association—I would not want to use the word “cover”—with a Latin American leader so that the United States does not have to be out front. The obvious advantage it would provide for us is that there would be a mechanism, in case of a real need, whereby we could use our military force, in conjunction with other nations, in the war on drugs. I again note congressional support for this approach.

General POWELL. Thank you, Senator, for first recognizing that we have changed our thinking in that department. Frankly, the Secretary is all for use of the Armed Forces. I am all for the use of the Armed Forces. The American people have said the drug war is a real war. More people are being killed on the streets of Washington than in most places around the world where the Armed Forces are, so let us see if we cannot do something about it.

I have also gotten into trouble with that. The so-called blockade off of Colombia—I was even accused, why didn't you consult with the Colombians before the leak? I do not know how to do that, consult before a leak.

But we are doing everything we can to put the Armed Forces into the war, consistent with our law, and consistent with Ameri-

can tradition on the use of the Armed Forces. I always want to add that as a postscript.

With respect to a multinational force, I have sensed no great movement and enthusiasm other than you have already made reference to. Most of the countries we are doing things with now—in the Andean region and elsewhere—appreciate our support [deleted].

I think we can get a lot done if we go about it rather quietly, but I sense no great movement toward Mr. Manley's interesting suggestion.

Senator SPECTER. So we will keep pushing it, then.

Like Senator Stevens, I have other commitments, too, and my departure will not suggest any lack of interest. I will be following the proceedings on the transcript. Thank you very much, General.

General POWELL. Thank you very much, Senator.

Senator INOUE. Senator Rudman.

Senator RUDMAN. General Powell, I am very glad to have you here this morning. You know, I just was looking at the paper earlier this morning and I asked to have a copy brought over because there is a headline here—talk about history—that with a little change could have been written in 1939. "Poland Asks Soviet Army to Stay." And then you read the first sentence: "Polish Prime Minister declares that Soviet troops should remain in Poland until the German problem is resolved." Then he says that he wants to be involved in talks about their borders with Germany. Now if anybody wants to look at history, I could not agree with you more that we really do not know what is going on.

I am deeply concerned that there are those in the Congress, on both sides of the aisle, that want to make major long-term structural decisions now, when really I think, as you said in your statement this morning, maybe we will make those and maybe they will be beyond anyone's belief, but maybe we ought to wait at least a year to let things kind of settle down and see what happens with German unification.

I have two issues I want to discuss with you. I said that only as a way of preface. But that is really a fascinating headline, if you read the history of 1936 to 1940.

STRATEGIC MODERNIZATION VERSUS FORCE STRUCTURE

I am not sure that I agree with your statement about the triad. I know it is a matter of Defense Department policy and I know that there are strong feelings in the Air Force about manned bombers and so forth. But I have to tell you that I think the choice that you are going to face could be a very serious choice in terms of your bottom line goal of maintaining the integrity of the U.S. Armed Forces.

You see, General Powell, it is my belief that if certain people in the Congress have their way in cutting the size of the defense budget, either this year or next year, and the administration gets its way in terms of the total strategic modernization, then the cost will be from the force structure in a way that you will not like.

I guess what I am saying is that if we have the B-2 to the full extent that we know what that costs—and I am not sure I know

what that is—and if you get rail-based MX and if we go ahead on Midgetman—I will leave SDI separate because I think that is a separate category—if we go into those three areas, and we say OK, you have got that, at the same time I have got some numbers I will not bore you with this morning we take the reduction I am hearing about from members of the Budget Committee, on which I also serve, and both sides win—you win and they win—we will decimate the force structure and, quite frankly, the U.S. Army will pay the greatest price.

I do not think that is necessarily wise when we look around the world at what is going on. I wonder how you respond to that in terms of a greatly reduced budget in terms of can we afford that kind of modernization. With all due respect to what you say about those being the crown jewels of the Soviet Union and ourselves, we both have them because we are afraid of each other. Neither one of us wants to use them. The question is, How we get that fear out of the mix?

So what do we do if we have major cuts, if they drop your request down \$8 billion to \$10 billion this year below what you are asking for, which is possible—I hope it is not probably, but it is possible, from what I hear—and then you say, “Yes, but we also want the strategic programs?” I mean, what will you do to the personnel, to the pay, to the modernization, to the O&M, the kind of people we are proud of in the Armed Forces today—and I agree with you we have got terrific people—what do we do about that? We are going to destroy it.

General POWELL. Well, the President's proposal accommodates strategic modernization as well as the beginning of the reduction, but in a careful, managed way, and it does not start to decimate the Armed Force. But if, as you say, the Budget Committees come out with \$10 billion in outlay reductions, which translates, as you well know, either in major one-for-one O&M or people-type reductions or significant programmatic reductions on a ratio of 1-to-3 to get the right TOA numbers, at that point we will all have to sit down, down my way, and take a look as to how we rebalance the force.

Do we preserve strategic modernization at the expense of going into major RIF's of officers, breaking the contracts of enlisted men and career NCO's, throttling back on all of our training and readiness activities and taking out more divisions in our forces or more wings in our Air Force and more ships in our Navy than we had planned. And at that point I will have to use my best judgment. I cannot answer your question now until I am sure what it is the Congress thinks the American people will pay this year.

Senator RUDMAN. I really did not expect you to have the answer, and I appreciate the answer you did give. I think that is the issue, General Powell.

General POWELL. I understand that.

Senator RUDMAN. And, boy, I think that there are people who are not thinking very clearly around here about what we are doing in terms of long term, and we had better be very careful and you had better be very careful. I will give you another number.

With all due respect to strategic forces—and my own personal view is with respect to all the efforts that we have got enough de-

terrent right now just about where it is, particularly if we hung the latest technology Stealth ALCM on the B-1, which we know can penetrate. I would trade you that for the B-2 any day, today. I know the Air Force does not like that, but I have got some pretty good scientific evidence from some of the top people in the country that I am going to confront them with if they give me an argument about it, because they are just not leveling with us in terms of the reliability of those two systems.

But, be that as it may, when it comes down to the bottom line, General Powell, you more than any Joint Chief in a long time understand this of your own personal experiences, what it means to have ground troops and armor and artillery and conventional forces where you need them, when you need them. And I do not know what the mix is going to be in terms of geostrategic politics 10 years from today. Maybe there will be a Southwest Asian alliance that will exclude us. Maybe we will be allied with the Soviets and a unified Germany.

I just do not know, but I do know this, that as of today we have a total of 174,000 combat troops, all combat arms in the U.S. Army, plus the Marines—people who can be deployed to fight, not to punch computers, not to run logistics, but to fight. That is infantry, armor, artillery, about 175,000, about 288 maneuverable battalions. I may be off 10 or 12, but it is close. Now the Marine Corps, I am not sure what portion of that is actually deployable to fight. They say all; I do not believe it, with all due respect to the Marine Corps. Some of them are bureaucrats also.

General POWELL. You are going to hurt my aide's feelings. [Laughter.]

Senator RUDMAN. My bottom line, General Powell, is simply this, that there are not a lot of people in the Armed Forces to fight for the United States of America, with our worldwide commitments. Sure, Panama was not much of an example, but if you had a real problem in the Middle East, a real problem in Southwest Asia or someplace, 175,000 combined arms, infantry, artillery, armor out of a defense budget of close to \$300 billion, I think something is wrong with that and that is what I wanted to say to you in this closed hearing. I would not say that in an open hearing.

But I would hope we look at that. I do not think the balance is where it ought to be, and I hope you really will look. Because we have a lot of faith in your integrity and your honesty, because most of us have had a lot of dealings with you over your prior life, and we know you are very straight from the shoulder with us, and we know you will continue to be. I just do not think this package we have got from the administration right now makes a lot of sense to where we are going in terms of certain allocations.

I do not like the fact that the three former Joint Chiefs come up and tell us we do not like these systems. My attitude is, where were you when I needed you, when we asked you these questions 2 and 3 years ago. I know that we will get straight answers from you, and I know we would get them from you even if it meant leaving your job to give them, because I just know you.

General POWELL. You will, sir.

Senator INOUE. Senator DeConcini.

Senator DeCONCINI. Thank you, Mr. Chairman.

General Powell, I also want to echo what Senator Specter said on the effort in the drug area. I think there is a new attitude. The Joint Task Force 6 along the Southwest border got off to a little bit of a rocky start, but as soon as they realized it was important to coordinate with and talk to local and Federal law enforcement officials, it seems to be on track. I think it is because of your Office and the Secretary's Office that the military will be involved and I thank you for that.

STRATEGIC MODERNIZATION FUNDING INCREASES

Following up on what Senator Rudman talked about regarding some of these weapons systems, it really concerns me, General, and I do not know if you can give me an answer, surely not one that will satisfy me, I am afraid, but, if the former Joints Chiefs of Staff testified here that they do not believe the MX or the Midgetman are needed any longer, and your commitment is to not push us into dismantling too fast and get us too far down the road before we know what is happening. Yet we see the groundwork being laid for exactly what Senator Rudman points out.

I think we are going to have greater cuts than what you, the administration, have proposed. And yet you come up with a 65-percent increase in the MX missile, \$2.8 billion, a 50-percent increase in the Midgetman missile, and over \$1 billion increase in SDI. I guess my question really is, are you laying this out, knowing that it is going to get cut, so you can maneuver? I do not believe you are going to receive those kinds of figures. I think you will be doing well to keep the programs going, particularly with testimony—from very respected former Joint Chiefs of Staff—stating that they are not even necessary.

To ask for such increases really troubles me, particularly if it is going to come at the expense of conventional forces.

General POWELL. With respect to, first, JTF-6, thank you. I am kind of proud of that one. I created JTF-6 as FORSCOM commander before I left beautiful downtown Atlanta, and I am glad that it is up and starting to function and you are satisfied with it.

With respect to the increases you made reference to in rail garrison MX, we finally have a workable plan to make that system mobile, and it is a matter now of spending the money to do it. We have the missiles. It is a matter now of creating the rail system and the railway equipment in order to mobilize it. The bill comes due now and then it will be spent and trail off, and I think it is a wise investment.

Senator DeCONCINI. Do you really believe that \$2.8 billion is necessary? I hope you have looked into it. Is there not a smaller figure on which you can continue the program?

General POWELL. I will have to yield to the program managers and the Air Force to tell you whether or not it can be done for \$2.5 billion or \$2.3 billion. I do think after the last decade of debating what kind of mobile system we should have, since we now have one that we can make mobile and make mobile rather quickly, it would seem to me to be prudent to go ahead and do that, make Peace-keeper mobile.

The question then becomes whether or not you keep the Midgetman, and it is sort of a political Hobson's choice because the way that debate has unfolded over time, you either go for two or you are going to get none. Whereas I think it is prudent to have a mobile, land-based capability and so does the President, and in order to deal with the political reality the President has come forward with a two-missile program which was approved by the Congress last fall.

So we were essentially in this budget submission executing the agreements of last fall and the congressional approvals of last fall.

With respect to SDI, it is an increase over the appropriated level of last year by about 25 percent, but it is also about 20 percent below what we had hoped to be able to spend in fiscal year 1991.

Senator DECONCINI. It just seems to me, General—I should not be telling you what to do: you are the expert here—if you have arrived at a conclusion that you are going to go with the MX, which you have, and you are going to start deploying it, you ought to consider dropping the Midgetman. If we agree to the Midgetman now at a level of \$202 million, that is a 50-percent increase over last year. That is a small figure in terms of the defense budget, but we are talking about serious long-term expenses if we invest in the Midgetman.

Further, if we have considerable reductions in the total defense budget, I think force structure is going to be the one that suffers, which is of great concern to me.

SOVIET WITHDRAWALS

General Powell, let me share with you some information from the meeting I had just yesterday with the Foreign Minister of Czechoslovakia. He says the Soviet Union is slow in pulling troops out of Czechoslovakia, not out of reluctance, but due to a lack of logistics. The Soviets have no place to put 70,000 troops and 18,000 dependents, and when these people move out they have to carry everything they have—their furniture—because they have no other possessions.

I was very interested and he wanted to talk about it. They have developed a relationship with those soldiers that have been there so long. They are devastated, he said. He also said the mood among the troops in the Soviet Union is one of devastation because they have no jobs when they are released earlier than expected. Additionally, there is no housing for them.

I just wondered if you have all this information and are aware of it. I also wondered whether it is true with other countries that have had similar troops withdrawals, such as Hungary.

General POWELL. Yes; let me answer it anecdotally. Last month when I met with my Soviet counterpart, General Moiseyev, in Vienna, we had a private dinner, just the two of us, with interpreters and notetakers, for about 3½ hours. And I said to him, "General Moiseyev, how is the withdrawal from Czechoslovakia coming." It was sort of a leading question to see whether he would bite on it. And he bit and he said, "Oh, it is awful."

He said what is wrong. He said the Czechs just do not understand. And I said tell me more—I was about to really get some hot

stuff here. And he said, they are being absolutely unreasonable. They do not understand the issue, and I do not know what we are going to do. And I said, "Well, what issue is it they do not understand." And he said, "Our children do not get out of school until June." [Laughter.]

So we really cannot leave as fast as they want. We have got to wait for the school year to end. [Deleted.]

Senator DECONCINI. That being the case, then, [deleted] the Foreign Minister says, he went a little further with Congressman Hoyer and myself yesterday at the meeting, and he thinks there is literally no threat to NATO from the Soviet Union nor from the Warsaw Pact countries. According to him, there was absolutely no threat from the Warsaw Pact countries. Regarding the Soviet Union, I do not have that much information and I am not sure, but I do not think there is much of a threat.

That being the case, or if that is the case, I guess the question is if the Soviet Union constitutes a credible threat?

Senator BUMPERS. Who said that?

Senator DECONCINI. The Foreign Minister of Czechoslovakia.

WARSAW PACT THREAT

I wondered if you concur with that. Just yesterday we had a classified presentation at the Intelligence Committee that certainly left us with a strong impression that there was minimal threat from the Warsaw Pact by itself and limited capability even today, at least conventionally, by the Soviet Union to Western Europe.

General POWELL. I attended a military doctrine seminar last month with 34 other equivalents to me from all of NATO and all of the Warsaw Pact, including the Soviet Union, as well as 12 neutral and nonaligned nations of Europe—35 of us—in Vienna. What struck me most was the non-Soviet/Warsaw Pact chairmen, five of the six of whom had been in office less than a month at the time, all they wanted to talk about was how they are restructuring their armed forces for their own internal security needs and no longer thinking about a grand alliance, that is, the Warsaw Pact.

They did not abandon it. They said they are still part of the pact, but you could clearly see that their interest was in making their armed forces smaller, continue to be modern, as modern as they could afford, but worried about their own security requirements, not the greater security requirements of the Soviet pact.

Senator DECONCINI. Did you ask them, as I asked the Foreign Minister, if they were prepared to restructure even defensive military measures outside their borders?

General POWELL. That would have been a little too indelicate considering the audience. [Deleted.] So the Warsaw Pact as a military alliance is collapsing before our eyes. The Soviet Union as a military superpower in Europe is not collapsing before our eyes. When this is all over, they will have millions of men under arms with capable leadership, with modern equipment, continuing to make a significant investment in the readiness of those units.

Now warning time will increase [deleted] which will allow us to take stock of where we are a couple of years from now. But, as Sen-

ator Rudman pointed out earlier, it is a little too early to say that all is well with the world.

Senator DECONCINI. Well, General, let me interrupt for a minute. I do not totally agree with Senator Rudman. It seems to me that it is not too early to come to the conclusion that the Warsaw Pact is no great threat here. I agree with you on the Soviet Union, and I agree with Senator Rudman we have got to keep that in mind as we look down the road.

But according to the information I have gathered from the Intelligence Committee, from these foreign ministers, and from the people that I talk to, I believe the Warsaw Pact is no threat.

General POWELL. I think I just confirmed that the Warsaw Pact as a military alliance is falling apart. [Deleted.]

Senator DECONCINI. If that is the case, I am not sure your strategy here has that built into it, and maybe the reason for this is because it has moved so fast, which it certainly has.

Mr. Chairman, I have taken a lot of time and I appreciate that.

General POWELL. Our strategy is to get the CFE Treaty completed quickly. That deals with the principal threat here, which is the Soviet army, which still has 600,000 soldiers poised and ready. What we want to do is get down to parity. When we are down to parity, then I think we can start thinking about fundamental restructuring if the world continues to move in the direction we have seen it moving.

Right now the asymmetries are still there, Senator, and I still think we ought to wait until those asymmetries are gone before we talk about more.

Senator DECONCINI. The point is that Soviet troops are still in Eastern Europe, but it is the Soviet troops which are the threat, not the Warsaw Pact.

General POWELL. There are 380,000 Soviet forces in Eastern Europe. Just in East Germany, they have a larger force presence than we have in all of NATO, and they have not left yet. And now I hear, as the Senator points out, the Poles are—well, maybe it is not so good that they all leave.

The poor Poles, though. I was in Poland and they said what choice do we have. We have the Germans to the west and the Russians to the east.

Senator DECONCINI. You know, Mr. Chairman, some of us have talked to Mazowiecki and the people in Poland. They do not think there is a threat there, and they are only having the Soviets there—as he told us when we were there with Senator Dole and others—out of political reality. They do not want to kick them out now. They want to be nice to the Soviets for a period of time while they develop their own independence.

General POWELL. But they are nevertheless still there.

Senator DECONCINI. Thank you. Thank you, Mr. Chairman.

Senator INOUE. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

General, at the risk of absolutely ruining your reputation back at the Pentagon, I will join everybody else and say how happy we are to have you here. I mean that as one who has worked with you in your past capacities.

Chairman Inouye, I remember past alliances across the aisle, I think of one occasion when Paul Laxalt, my good friend, and I put together a major piece of legislation, the Laxalt-Leahy bill. When it came up to a vote, I recall one of the prominent members of the Senate coming and looking at both our names on the bill. He said it is either a damn good piece of legislation or more than one of you did not read it.

But here, General, everybody knows you well and you should take to heart the good things that have been said.

Incidentally, I agree that the Warsaw Pact is collapsing. I also think that may prove to be a double-edged sword. The Soviets had some fairly significant problems in just holding the Warsaw Pact together. They needed to concentrate a lot of their forces in areas where they were uncertain how the local population would react. A lot of Soviet forces were, therefore, tied down as much as an internal police force as anything else.

We should not be overly relaxed at the idea that well, the Warsaw Pact has been dissolving and, therefore, all is well with the world. The Soviet Union could actually end up with a far more effective force by not having the problems involved with the Warsaw Pact.

I could make a very strong argument that if the Soviets took the right steps, they could end up with a more effective and a more threatening force without having the baggage of the Warsaw Pact.

Let us see which way the trends go, but I do not think we should ignore that fact.

General POWELL. They are shedding problems as they get rid of Eastern Europe, turning those problems over to Western bankers.

GAO REPORT ON B-2

Senator LEAHY. General, a General Accounting Office report will be released in a matter of hours, and I have just been reading it. It is an unclassified version of the B-2 report that is being given to the House Armed Services Committee, I think either this morning or this afternoon.

This report issues a very strong warning that the B-2's "cost and schedule have changed significantly since 1986 and remain uncertain." It says that the Air Force cost estimates were based on an acquisition schedule that relies on very high funding levels and on ordering a large number of planes before the necessary testing demonstrates that the B-2 can perform its mission as conceived. It says only 1 percent of the flight-test program has been completed. Over \$40 billion will have been spent and 31 aircraft will have been ordered by the time testing reaches the point where problems are typically discovered. And since 1986 the B-2 cost estimate increased \$12 billion. The final delivery slipped 3 years. The June 1989 program cost estimates of \$70.2 billion depends on achieving \$6.2 billion in savings and cost reductions.

GAO claims the feasibility of achieving those savings are uncertain.

According to GAO the Air Force has completed a new cost estimate to reflect the higher inflation rates and the labor strike at Boeing and so on, but those figures have not been released.

So let me ask you: Will the Air Force release or will the Department of Defense release the Air Force report on estimating everything from the extra cost for the Boeing strike on to the higher inflation rate?

General POWELL. I will have to take the question, Senator. That is something between the Air Force Chief of Staff and Secretary and the Secretary of Defense. It is a little out of my portfolio.

Senator LEAHY. Well, I would like to know what they found in that final report. It was an updating of the June 1989 figures that was supposed to reflect higher inflation and the Boeing strike and the fiscal year 1990 slip. We will be glad to get all these questions to your staff.

I would like to get the new figures. I would like to get as much, if not all of it, in unclassified form, if we could.

What bothers me is that the GAO says the Air Force is not willing to share this information. The GAO also says they are not flying before they buy. We are going to buy 32 aircraft before 1 percent of the flight testing is complete. Does that make sense?

General POWELL. I believe the program does make sense, Senator, without commenting on the accuracy of the figures because I have not seen the report. It has been one of the most examined and carefully designed programs we have ever had and it has a high level of concurrency, as you know, because you get savings through concurrency.

My understanding in talking with General Welch is that they are reasonably confident that you can go ahead and start procurement—in fact, we have got 15 either bought or under contract—and that the test results will support the confidence they put in the R&D that went into the program. So all I can echo is what the Air Force has said to me—that it is a sound approach to development of the B-2.

Senator LEAHY. Well, what worries me is that we have spent an enormous amount of money on this airplane already but the Air Force has completed only 1 percent of the testing. We have spent \$25 billion or more so far. Is there any other program that even approaches that—where we have spent that much money with so little testing?

General POWELL. I cannot answer that, Senator. I just do not know that much about the procurement of various other programs.

But so far I do not think anything has surfaced in the test program, limited as it has been since that first flight last year, that suggests we have done something fundamentally wrong. In fact, the plane is flying. We are getting good test results. It is not clear to me that there is anything wrong with the approach the Air Force has taken at the moment other than that people are uneasy that there is so much concurrency in the program. But so far it is not clear to me that that program decision on the part of the Air Force is an incorrect one.

Senator LEAHY. Well, I was told that there were a number of engineering personnel who were not eager to even have it take that first flight. They were told that was as much a political decision as anything else. It was going to be debated here in the Congress in either the Armed Services or Appropriations Committee—I forget

which—and they were told, “Get that damn thing in the air for the cameras.”

General POWELL. I have no idea if there is any truth to that, Senator. I am sure—

Senator LEAHY. Nothing like that has ever happened, of course.

General POWELL. Well, not on my watch, and not under my direction. But, as it turned out, it flew.

Senator LEAHY. Thank God.

General POWELL. Thank the test program and the R&D program.

Senator LEAHY. Have we flown it, have we tested it against radar? Have we tested it against some of the threat it is supposed to be able to penetrate?

General POWELL. It has been analyzed against the threats and the testing program will deal with some of the charges we have seen recently, for example on “60 Minutes,” that it can be picked up by certain kinds of radar. All of that was known. The kinds of radars that can see the B-2 is known. We know how to deal with those problems and it will be tested against all of the threat radars that were mentioned in recent newspaper articles and on “60 Minutes.”

There is a lot of press speculation or press criticism about whether it really is invisible. Well, it never was invisible. It cannot be invisible. It is just the difficulty of detecting it and just seeing a spot on a radar screen does not necessarily tell you what that spot is or where it is going or what it is doing.

Senator LEAHY. Well, General, obviously I am troubled by so much being spent before the B-2 is thoroughly tested, and I will continue to try to stop procurement beyond the planes in the pipeline.

VERIFICATION OF SOVIET CONVENTIONAL FORCES

One last question. Are you confident, that we will be able to adequately monitor the size of the Soviet armed forces, separate from the strategic forces? I am only referring to conventional forces. In the foreseeable future, can you satisfactorily monitor these forces as you do your defense planning?

General POWELL. Yes, sir.

Senator LEAHY. We will be able to adequately monitor them as they go back to the Soviet Union?

General POWELL. Yes; I am reasonably comfortable that we will be able to do a pretty good job of that. In fact, I am something of a heretic in that as we talk about the CFE agreement and how to verify that what I am really interested in is verifying the reduction of that equipment. Now I do not want to spend an enormous amount of money checking on it thereafter. If I can get them to cut up 40,000 tanks—the numbers I have is they have to destroy 271 pieces of treaty-limited equipment every day for years to come down to the new levels. If I can watch that—and I do get to watch that under the terms of the treaty—if they want to try to hide the fact that they are building several hundred tanks a year in some hidden plant, well, let them waste their time. We will find it sooner or later through national technical means or other means provided for by the treaty.

But I do not think we need to waste an enormous amount of money and effort trying to catch every spot in the Soviet Union that might have something nefarious going on at that spot by putting Americans there or getting too much intrusive access. The key thing is to get the treaty finished and let us see to the destruction of that equipment.

If they ~~are~~ prepared to make that kind of political and military decision, to destroy 90,000 pieces of treaty-limited equipment, and we can watch that happen, then what they might be doing after does not require a great deal of verification, in my judgment.

Senator LEAHY. Thank you very much.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator Johnston.

Senator JOHNSTON. Thank you, Mr. Chairman.

General Powell, first a comment. As I said to Secretary Atwood yesterday, I think in the post-glasnost arena we are going to have a strong missile force in order to have stability. It has got to be survivable and also has to be affordable.

I find the MX to be both survivable and affordable. The Midgetman to be survivable but not affordable. At some point we are going to have to make a decision on that. I understand the political realities of the administration having to go to two to get one. I hope maybe budget considerations will dictate that we go to one this year, and that surely would be, it seems to me, the MX. I hope we go to one and not zero because it is very much in the interests of the country to do so.

STRATEGIC DEFENSE INITIATIVE

Now, General, I am concerned, as I have been for a longtime, about SDI. I am particularly interested in the new information on the deployment decision which, as I see here, is planned for perhaps within two calendar years, perhaps as early as late calendar 1992.

General POWELL. Possibly.

Senator JOHNSTON. Now, President Reagan, when he first announced or early on after he announced SDI, said indeed it was a potent first strike system, and for that reason that if we got it he would share it with the Soviet Union. Is that still doctrine of the Pentagon?

General POWELL. I have not heard President Bush say it quite that way. You may have additional information.

Senator JOHNSTON. It is true that if one side has an SDI system that it does aid that side's first strike capability?

General POWELL. What President Reagan always meant by that statement and, as you know, Senator Johnston, and I had many occasions to discuss that statement with President Reagan since I was his National Security Advisor, he was so convinced that this was the way to go in the future to get away from offensive systems that if we could ever prove this worked we ought to help the Soviets develop a similar capability. He did not necessarily mean giving them the computing power and the software and the hardware.

Senator JOHNSTON. But the point is he did say it would give the side that had it great first strike capability?

General POWELL. I do not recall that specific statement.

Senator JOHNSTON. Well, he clearly did. and, second, General Monahan said last year it would be imprudent to deploy phase I unless we were well advanced with R&D on phase II because phase I would degrade rapidly—that, in other words, you have to be prepared and ready to go with phase II, know what the architecture is and how to deploy it. Is that still the thinking?

General POWELL. Yes; it would seem to me that unless you have a clear idea what the complete system looks like you need to be very cautious about putting up phase I.

Senator JOHNSTON. So, in fact, the decision to be made, perhaps as early as next year or perhaps as early as 1992, would include a decision to deploy a whole system?

General POWELL. If what a whole system would look like is known at that point, yes, it would seem to me if you are getting ready to make a deployment decision it should be with the understanding of what the complete system is going to look like and what it will require and what it will cost.

Senator JOHNSTON. Now, START systems, the START Treaty seems to have as a goal, as when last I saw it, an interim goal, at least, of a 50-percent reduction, maybe 5,000 warheads.

General POWELL. 6,000.

Senator JOHNSTON. Do you think that the Soviets would be likely to enter into a START Treaty if they were facing a United States which had made a deployment decision, perhaps 1992, to have a phase I and a followon phase of SDI?

General POWELL. The Soviets have been pushing very hard to get the START Treaty concluded as quickly as possible, with the clear understanding that we have been giving them for years that we would continue to go ahead with our SDI research and, if we ever proved out that the research would work we would go forward with deployment.

Now they have been trying to frustrate that.

Senator JOHNSTON. And they have a fail-safe there that says if you do it, we get out of the treaty.

General POWELL. In the discussion, in the negotiation on that point, they have been much more critical of it in the past and much more demanding of a specific treaty clause that would say if you do that, we will do this. But in recent meetings with Secretary Baker they seem to be saying, OK, since you will not conclude a START Treaty with that specific clause in it, they are saying we just want to let you know that under the terms of the supreme national interest clause we may have to keep that very much in mind.

Well, under the supreme national interest clause everybody has everything in mind. I mean, you are free to do whatever you believe is in your supreme national interest to do.

Senator JOHNSTON. If the tables were turned and the Soviets had developed phase I and phase II of SDI, surely you would not reduce your warheads by one-half, would you, if you knew they could intercept 4,000 or 5,000 warheads?

General POWELL. The Soviets are working on research and development along these lines.

Senator JOHNSTON. Development?

General POWELL. Well, we can get into a debate on what development means. I know that they are putting money into programs that have to do with advanced ABM-SDI-type systems.

Senator JOHNSTON. Well, they are well, well behind us.

General POWELL. I am glad to hear it. That is where I wish them to be most times.

Senator JOHNSTON. Do we have any kind of cost profile to 1997?

General POWELL. I do not have one with me, Senator.

Senator JOHNSTON. Is one available? This is ABM Treaty constraints, showing that we can proceed up until the end of fiscal year 1994 within the narrow interpretation of the treaty. Starting in fiscal year 1995, through 1997, which would be the deployment date, testing would exceed the narrow interpretation of the treaty. Of course, deployment does exceed the treaty limits. The actual deployment would be in 1997. This is unclassified, of course.

The classified, of course, shows the deployment decision, which looks to be fiscal year 1993.

Could we get a cost profile on that?

General POWELL. I will take the question and ask General Monahan if he has one that we could provide for the record.

[The information follows:]

SDI OUTYEAR FUNDING PROFILE

The current FYDP (FY90-94 funding for SDIO was included in a classified FYDP update document provided to the Senate Appropriations Committee on February 16, 1990. Outyear budget data beyond the current FYDP has not been formally approved within the DoD. The Defense Planning Guidance, which outlines our overall policy and military strategy for the outyear periods through FY97 and reflects changing missions and force priorities, has been issued to the Services and Defense Agencies for their use in developing the Program Objectives Memorandum. The DoD review of these outyear plans for SDIOD will be concluded with the development and eventual submission of the FY92-93 Biennial Budget to Congress.

DEPLOYMENT DECISION

Senator JOHNSTON. Calendar year 1992 will be coming on very soon, and if a deployment decision is made at that point it would seem to me that the Congress should clearly be party to that. Can we have some kind of formal assurance that in any deployment decision the Congress would be consulted and be made a party to that?

General POWELL. Congress would, of course, be a party to it because of the funding that would be required to go forward to test those elements of the system. So I am sure you would be a party to it.

Now the exact nature of that consultation, I would like to take that for the record.

Senator JOHNSTON. Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator McClure.

Senator McCLURE. Thank you, Mr. Chairman. I do not mean to replot all the ground that has been covered already. I want to look at a couple of other areas. I am concerned about the balance of

force structures and, in view of the changes of political alignments that are occurring in the world, that are occurring more rapidly than we can anticipate them, yet we are trying to make long-range future decisions about force structure without knowing exactly what is happening in the political realm.

I think you have a massive task. I also know that we are working on 1992 budgets as well as 1991 budgets, at a time when Congress is already forming opinions about what the future will be, and we have to consult about our changes, whatever we may do, with our allies around the world. We do not operate in a vacuum. We sometimes take unilateral actions and then our allies criticize us for having not consulted with them. So you have a massive problem in trying to anticipate all these events, keep up with the consultation process, and keep Congress from running away with the game ahead of time.

I do very seriously doubt, however, that the Congress will do what I am willing to do, and that is support the President's budget proposal with only a 2-percent reduction. I think you certainly have contingency planning in the back of your mind and maybe at some point we are going to have to ask you to share with us what happens with a 5- or 10-percent reduction in real spending per year. Those are not unrealistic expectations when you look at the range of proposals that have been made by various people in the Congress.

And I think we have to, in order to make judgments, know what is going to happen with that kind of reduction. I would share with you, too the feeling that no matter how we would like to do certain things, we do not have the money to do certain things. So we will, from time to time, be asking you to provide us with some alternatives. I do not know whether you have thought through specific ones. I understood what you said about airlift capacity in the next decade beyond the 1990's. We certainly have to have something.

C-17 ALTERNATIVES

Now maybe you are prepared to answer at this time, maybe we will wait for a later hearing with the people that are managing programs, but I just wonder if there is not a cheaper alternative to the C-17.

General POWELL. At the moment, I am not aware of one.

Senator McCLURE. Well, Boeing is still churning out commercial aircraft and some others are around the world. We are certainly going to be going to lighter divisions, are we not?

General POWELL. We will have to have a balanced force of heavy forces and light forces. I do not see an elimination of the heavy forces. And the Air Force is in the best position to get into the details of the C-17, but if you go to Boeing and buy a brand-new 747 it is not terribly different in cost from a C-17, and is that a fair comparison?

I think it is a good investment. We are going to have that airplane for 25 or 30 years, and when you amortize it out it is a good investment in a national asset.

Senator McCLURE. I remain to be convinced, but I am open to being convinced on that because commercial competition continues

to drive costs down, and within military programs costs tend to rise. I look at those projections with a certain amount of skepticism.

SOVIET TREATY VIOLATIONS

I heard what you said about the affordability of the 14-carrier task forces. I want us to be certain that we understand what the Navy role is going to be in the future. I will ask the Navy some questions with respect to how the carrier task force fits in with the protection of sea lanes of transportation because certainly you can adapt it. It has certain uses, but I am just wondering if there is not a cheaper way for us to marshal assets to protect transportation routes. I do not think anybody questions the carrier task ability as a force projection means. How many of those do we have to have and to how many different places in the world do we have to respond in that way in the time that is necessary to redeploy carrier task forces so that they will be there in order to do it? And how much steaming time is necessary to move them into position?

When we get into a leaner, meaner—and I think that is what we are talking about, a leaner, meaner defense force structure at substantially reduced expenditures levels from those that you would desire and I would desire, we are going to have to ask ourselves some very tough questions. I think I understand that the cancellation of the M-1 tank program, for example, is so that we can concentrate our efforts on future tanks; is that correct?

General POWELL. That is correct.

Senator McCLURE. So the judgment is we have enough M-1's to bridge over to the next generation and that we should put our money into the next generation development rather than further production of the current generation.

General POWELL. That is correct.

Senator McCLURE. You talk about the Soviet Union force structure and what they are going to do. I certainly agree with you. I kind of hope you live to see them destroy 40,000 tanks. But at the same time they are destroying all those 40,000 tanks, they are destroying the oldest ones first, of course, the ones that are least valuable to them and to their allies, and meanwhile producing new ones.

And while we look at their force structure today and talk about responding to their force structures, remember that much of what we are responding to has been built in violation of old treaties. I think that is fair to say. I think there is general agreement even around this table, although there are certainly some people that do not like to see anything wrong with what the Soviet Union is doing; they only want to see what is wrong with what we are doing. But it seems to me that as we look to the future we have to anticipate some violations on their part, as they have in the past.

I do not see them changing internally to the point where they will not continue to press the edges of our tolerance on compliance with old agreements. How blind are we if we lose our satellites, if they have a limited ASAT capability? I think almost everyone says they have at least a limited ASAT capability that has the capacity to knock out some of our satellites. I think that is correct; is it not?

General POWELL. That is correct, and that is why we feel so strongly that we should pursue an ASAT capability.

Senator McCLURE. And, as a matter of fact, a great deal of what we do in our technological capacity to conform depends upon those satellites.

General POWELL. Increasingly so.

Senator McCLURE. Both in terms of our ability to know what they are doing and also in terms of our own management and control.

General POWELL. That is correct, sir.

Senator McCLURE. So it seems to me that if we know they violate old treaties and if we are dependent upon invulnerability for things that are guaranteed by old treaties and they are violating them and we know it, it seems we have a very great difficulty to know how we should formulate new treaties and rely upon new agreements.

General POWELL. I agree with you, Senator. As one of my old bosses used to say all the time: Trust, but verify.

Senator McCLURE. I seem to remember that.

General POWELL. He even had a Russian version which used to drive the Russians nuts. He never hesitated to use it all the time, in case you had forgotten.

Senator McCLURE. I had not forgotten. Well, I notice that we had a great deal of debate in our country over whether or not the Krasnoyarsk radar was a violation of the treaty. Minister Shevardnadze admitted, finally, some months ago that the Krasnoyarsk radar was a violation of the treaty. Do we have any evidence that they have gone any further in dismantling?

General POWELL. They are now beginning to take actions which clearly indicate dismantling.

Senator McCLURE. I had predicted it because it is such a lousy structure it would probably fall down eventually.

General POWELL. Yes, sir; and that is the way you should deal with the Soviets when there is a violation. Say so and insist that it is a violation and require them to correct it, which we did for a number of years, as you know, and they finally decided that it was something they had to remove.

Senator McCLURE. Or at least it was more to their advantage to remove it than it was to continue to violate.

General POWELL. That is correct, sir.

Senator McCLURE. Now there are other violations they have not agreed to correct in spite of the fact that we have called them violations.

General POWELL. There are still some of those remaining.

Senator McCLURE. Particularly in the advanced ICBM capability.

General POWELL. Yes, sir.

Senator McCLURE. And they show no signs of destroying those violations and building on those?

General POWELL. Yes, sir.

Senator McCLURE. Thank you very much, Mr. Chairman.

Senator INOUE. Thank you. Senator Cochran.

Senator COCHRAN. Thank you, Mr. Chairman.

SOVIET SDI

There is something that is troubling me about the way we describe what the Soviets are doing in SDI or satellite weapons technology. In, the conversation that Senator Johnston had with you, Mr. Chairman, you admitted that we were way far out in front in SDI activity—research, development—of the Soviets and that you wanted to keep it that way. You were glad to hear that.

Is that true or is it not true?

General POWELL. Well, the Senator said that.

Senator COCHRAN. You agreed with him, though.

General POWELL. The Senator said that, and I said if that is the case, I am delighted.

Senator COCHRAN. But is that true, though?

General POWELL. I do not know that we are as far ahead as the Senator indicated. I would have to go home and check my experts on that one. What I know is that it is an area where, because of our technological superiority and our ability to do things better than them in that regard, that if we can maintain the lead, we should.

Senator COCHRAN. Well, it worries me that every time I get to see and hear a threat assessment, which we from time to time have available to us over in the Capitol, I get very concerned. I do not think that the people who are presenting that are trying to mislead us or alarm us unnecessarily, and I am assuming that we are getting accurate information in those sessions. I come away with the impression that we are living in a lot more dangerous world vis-a-vis the Soviet Union than the newspapers and the television and the general discussion about the changing in circumstances would lead the American public to believe.

EFFORTS TO DECLASSIFY INFORMATION

I wonder, in the glasnost era whether or not we ought to, as Senator Stevens suggests, seriously consider making available to the public some of this information, particularly as we try to get support for appropriations to fund some of the programs which are now becoming very visible in the debate, very controversial here in the Congress. Those of us who would like to support doing the things necessary to protect our national security are not going to have the political support out there in the countryside to sustain the votes that may not be very well understood.

I am really worried about that, particularly now. We hear a lot about the Soviets drawing down troops in Hungary and Czechoslovakia and maybe other places, but we darn sure do not see them cutting back on the amount of investment in the strategic area nor in the SDI area that they have underway. That bothers me considerably. What are you doing about it?

General POWELL. We are trying to get as much information as we can, Senator, through publications like Soviet Military Power, responding to members' requests for information. Giving speeches, I make the case about Soviet strategic modernization in every speech I give dealing with my responsibilities as Chairman. Every hearing we have had so far this year, Secretary Cheney and I, in open session we made these points repeatedly.

The danger is not yet passed. I keep mentioning to people that I am as impressed with Mr. Gorbachev as anyone. As I said earlier, I have been at five meetings with him. He is a historic figure on the world stage. But he is one man. Democracy in the Soviet Union still is at the direction and whim and control of one man. He decides if there is going to be a meeting of the plenum. He decides what the agenda is. He decides how much dissent is allowed. He decides what demonstrations are allowed. He decides when the vote is going to be taken, and he decides pretty much what that vote will result in.

Now he is moving it all in the right direction, and I think it is becoming increasingly irreversible. But it is not done yet, and we are still seeing a society being run, a government being run essentially by one man.

NAVAL SUPERIORITY

Senator COCHRAN. In connection with the naval superiority issue, you mentioned that it was your hope that we could continue to enjoy superiority in our naval forces, and I agree with you that that is very, very important. What do you see the Soviets doing in terms of continuing to upgrade and deploy sophisticated naval vessels and weapons systems?

General POWELL. They continue to build sophisticated, modern systems. At the same time, they are reducing the overall size of their naval force structure, principally by retiring older ships that are reaching the end of their service life or are not as economical to operate for the capability they carry.

When it is all over, they will have a smaller navy but probably with as much antiaircraft and antisubmarine capability as the larger navy had before it, probably more of a defensive orientation, and they probably will no longer be moving in the offensive direction that Admiral Birshkov put them on several decades ago. But it will not be a navy that is capable of threatening our interests on the high seas.

We have to continue to make a similar investment in the Navy, and the question will become one of affordability.

Senator COCHRAN. In terms of motivation to use that navy, do you see the attraction of the Middle East and the Mediterranean to the Soviet Union to be sufficient to make us want to continue our deployment in the Persian Gulf and in the Mediterranean at the levels that we have had in the past?

General POWELL. I think we should continue our forward deployment and our present operations in the Persian Gulf and in the Mediterranean, not principally because of increased Soviet activity because there has been a decrease in Soviet activity over time. In fact, many days go by where I only see one combatant in the whole Mediterranean from the Soviet Union's navy.

But we should continue that presence and forward deployment activity because of the reassurance it gives to our friends in the region. Because of the success we have had particularly in the Persian Gulf as a result of our escorting operations over the last several years, that has been a sign of American commitment, America staying the course, America not running when things get tough,

and it has really bolstered our relationships and our security relationships especially with our friends in the Persian Gulf region.

Senator COCHRAN. Thank you, Mr. Chairman.

Senator INOUE. Senator Bumpers.

Senator BUMPERS. Thank you, Mr. Chairman.

VIEWS OF FORMER JCS CHAIRMEN

General Powell, you have seen all the press reports and I have too. I have a speech that I make sometimes about the only way we can get people to tell us what they really think is in their exit interviews. We have three former Chairmen, your three predecessors, all of whom, I assume, have been privy to the same briefings and program managers that you have on the MX. What do you know that they do not know?

General POWELL. I do not know that there is anything I know that they do not know, Senator.

Senator BUMPERS. You just come down on a different side?

General POWELL. I do not know that I disagree with them. I do not know what point of disagreement you are raising, sir.

Senator BUMPERS. Well, for example, John Vessey says: "I, too, would cancel the two mobile missiles." Do you agree with that?

General POWELL. No.

Senator BUMPERS. And David Jones says: "My lowest priority is the modernization of the ICBM force." Do you agree with that?

General POWELL. I am sorry, sir. I did not hear you. I was distracted.

Senator BUMPERS. Chairman Jones, David Jones, said that his lowest priority would be the modernization of the ICBM force. Do you disagree with that?

General POWELL. I cannot disagree with the statement. I do not agree with the prioritization. It is not my lowest priority; it may be his.

Senator BUMPERS. And Bill Crowe says: "I would associate myself with General Vessey's comments. We have a mobile missile. We have a mobile missile in the field and that is the sea-borne mobile missile." And Harold Brown says: "Go ahead and develop Midgetman and deploy it in silos. Where I then come out is no rail-mobile MX."

Do you disagree with that? He says: I think rail-mobile MX is not stabilizing simply because it is so vulnerable to a bolt out of the blue.

General POWELL. I do disagree with my good friend, Dr. Brown.

Senator BUMPERS. You are not going to do an exit interview 4 years from now and—

General POWELL. You know, the beauty of being retired, Senator, you can play with a new deck of cards every morning. And the deck of cards I play with suggest that it would be in the interest of the United States to mobilize the land-based leg of our triad, and we have been trying to do that for the last 10 or 12 years and we now have the opportunity to do it two ways—first, right away by putting the Peacekeeper on rail. I am not worried about a bolt-out-of-the-blue attack. It is not going to happen on a morning like this. We are going to have lots of notice that the world situation has de-

teriorated to the point where there is the possibility of nuclear war.

I mean, the President will know that it is time to get the bloody railroad train out of the yards. So I have never been terribly troubled by a scenario that suggests the world is going to go to hell in a handbasket so rapidly that the President cannot use the hours that are available to him to put those trains out on the railway system of the United States.

And that system is here and it is now. So I think it is in our interest to add to the mobility of our triad by providing mobility to the land-based leg. I agree with Admiral Crowe we do have a terrific mobile system now. It is our sea-borne leg, our poseidons and Tridents. But it also seems to me prudent to provide that mobility to some component of our land-based leg.

And the cards that I have been dealt suggest that as a result of 10 years of debate and discussion and serious thinking about this issue two programs were deemed to be prudent. Now the two programs are extremely expensive, and I do not know if we can afford both of those. But I do know that we have one that is ready to go now, and that is rail garrison MX. I am a strong supporter of it.

I also understand and supported a decision to go for a more expensive single warheaded road-mobile system over time. But the question we are going to run into is affordability and how do we balance the whole force.

Senator BUMPERS. Do you know whether our negotiators, General, are talking about MIRV'ed mobiles and banning MIRV'ed mobiles at the START talks?

General POWELL. I cannot tell you whether Ambassador Burke is in discussion with the Soviets on that. It is an issue that has come up from time to time. To the best of my knowledge, not being a negotiator, it is not an active item of discussion, although there may be private discussions.

My experience with the Soviets, and particularly in negotiating the INF Treaty, is I do not know why they would wish to negotiate to get rid of something that does not yet exist when they have something that does exist.

Senator BUMPERS. Well, it does exist. We have 50 MX missiles that we are proposing to take out of silos and put on rail cars, so we have that investment already made in that missile. But when Akhromeyev was in this country being hosted by Admiral Crowe, he was asked a question. How do you think the Soviets would feel about such a proposal? He said, "We will not go forward deploying these on rail if you would consider not going any further with yours."

Incidentally, how many SS-24 trains do they have deployed?

[The information follows:]

There are [deleted].

General POWELL. It is about between [deleted].

Senator BUMPERS. How many missiles is that?

General POWELL. I think it is times three. Let me get that for the record.

[The information follows:]

There are [deleted] missiles on each train for a total of [deleted] missiles deployed.

Senator BUMPERS. Do you know how many SS-25's they have deployed?

General POWELL. I want to get it for the record, but it is approaching a couple hundred.

[The information follows:]

There are [deleted] missiles deployed.

Senator BUMPERS. Well, let me ask you this.

General POWELL. They have not stopped deploying, notwithstanding what Marshal Akhromeyev said. They have done nothing to throttle it back in anticipation there may be a deal. Nor have they bit on the suggestion.

Senator BUMPERS. Our Ambassador Burt thinks this is all sort of insane to suggest to them that you stop and dismantle yours and we will not go forward with ours. He says the Soviets just will not accept that. Well, Akhramayev says they might. He still has Gorbachev's ear, so if you had a chance to negotiate such a thing, would you do it?

General POWELL. I would certainly entertain it. But my understanding right now is that even though there were suggestions of the kind described the Soviets have never really done more than say we might. Frankly, I do not know why they would say more than that, when if they just sit back and do nothing they can just watch to see what happens during the course of the fiscal year 1991 budget debate and then make a judgment as to whether there is something that they wish to negotiate.

They may find it is not necessary to negotiate or give up anything on their side to get the U.S. Government to kill the mobilization of Peacekeeper. It may happen without the Soviets having to give away a thing.

Senator BUMPERS. General Powell, I agree with you. If we are going to have considerable notice before any conflagration really takes place—and I think we will have quite a bit; I think the international situation would degenerate to a point where we have all of our bombers on alert and we have all of our missiles on standby and so on. I do not know what grave alert that would be.

But if that is true, does that not argue against mobile missiles? I mean, what do you get with mobile missiles that you do not get with, for example, an SSBN or an ICBM? Why do you need mobility if you are going to get this notice?

General POWELL. Not for warfighting and not in order to preserve the force so we can then strike the Soviet Union. The only reason I want any of these things is to keep that event from ever happening. What I want to have happen is that Soviet planners sitting around in their pentagon, deep in a bunker somewhere, as they make their calculations and as they watch a political situation deteriorate to where they could consider the use of a nuclear weapon that they have, I want their calculation to show that they cannot strike us with any hope of taking out any leg of our triad.

I do not want them to be able—again, if we reach this point, I do not want them to have any confidence in their ability to take out a very accurate, very capable, very threatening to them land-based leg, not because I want to preserve those missiles to deliver Armageddon to the Soviet Union. I do not want the Soviet planners to

have any confidence in their ability to successfully strike the United States. That is why I want SDI. SDI does not have to be an invisible shield. SDI just has to throw another [deleted] percent of uncertainty in the Soviet planner's mind.

These weapons exist, in my judgment, not to be used, but to make sure nobody ever thinks about using them. And it seems to me, now that we have the Peacekeeper, an extremely accurate, effective system, for not peanuts—it is \$2.5 billion-plus—but it seems to me a prudent investment that we will amortize over many years to mobilize the most modern component of our land-based leg.

Senator BUMPERS. General, let me tell you. I do not favor much, if any, change in our defense posture—some, but not very much from what I would champion and what I have championed all along. Just because of what is going on in Eastern Europe—and I want to be very helpful—I want a strong defense.

Incidentally, I find you people over there playing dirty tricks. You are using the same arguments to retire two battleships that I used to keep from recommissioning them in the first place. That is the manpower problem. I said it makes no sense to put 1,500 men on a battleship that is going to have a 15-year life expectancy when you can be building CGN's with 500 men, even though it costs a little bit more—35-year life expectancy and 500 men. Now you are using my argument and I really resent that.

THREAT ASSESSMENT

But, having said all of that, sometimes some of us over here try to be thoughtful and sensible about what we are going to do and where it fits and what the threat assessment is. I think Sam Nunn is right; you need to get us a realistic threat assessment at the earliest possible time. We recognize that changes from time to time, but these are dynamic times. They are unprecedented times, and they afford us a lot of opportunities.

And when we see these changes going on in Eastern Europe and we know what the public response is—they say, why should we be spending \$300 billion. You know, my wife is a big peacenik and she cannot raise any money any more. Gorbachev has just about put her out of business.

But my point is this. When I see a document that says, well, we cannot let our guard down now because of the Third World, it makes me think that you people really are not serious about trying to help us in our job—and that is to have a good, strong, lean, mean defense while at the same time deal with the budget constraints we have to deal with.

What is your answer to that?

General POWELL. I am not sure which document you are referring to.

Senator BUMPERS. Well, it is called the DPG or something like that. The Post got a copy of it.

General POWELL. The Defense Planning Guidance. The problem we are all going to have is assessing what the threat really is. I can tell you with some degree of accuracy now—and I will be better at it as the weeks unfold and we see what the Soviet forces are really

doing—what the size of the Soviet army is, how many tanks they will have after CFE.

Senator BUMPERS. Let me interrupt you, General. I am on the Arms Control Observer Group and we go over to Geneva and Vienna. Last year, you recall, we made a proposal—do not forget where you were—in February to the Soviets. You destroy 35,000–40,000 tanks and we will each have 20,000. Do you remember this proposal?

General POWELL. Yes.

Senator BUMPERS. The same thing on armored personnel carriers, same thing on artillery. And I think at that time they had maybe, what, about 85,000 pieces of artillery and we were saying cut that back to 20,000, armored personnel carriers to 20,000. On March 9 last year, their Ambassador came back and said we think this is all just hunky-dory, except we think the artillery pieces ought to be 28,000 instead of 20,000.

Our Ambassador literally wired the State Department and said, "What the hell do I do now?" I mean, we are so unaccustomed to that. And my question of the Soviet Ambassador was: What kind of observation are you willing to permit us to watch you destroy 35,000 or 40,000 tanks. He said you can bring the New York Times editorial board over and watch us, if you want to.

General POWELL. CNN is going to do it for us. It is a new world, Senator.

Senator BUMPERS. It is, but I am just saying these opportunities ought not be taken lightly.

General POWELL. I am not taking them lightly.

Senator BUMPERS. I threw that out because you had a conversation with somebody else on that subject a moment ago, about verifying the destruction of the tanks and they were going to take the old ones out first. Well, hell, yes, they are going to take the old ones out first.

General POWELL. But you nailed me at the beginning about some arguments both ways. We used to complain about the number of tanks, not whether they were old or new. 40,000 tanks is 40,000 tanks, 40,000 less targets you have got to shoot at, whether they are new targets or old targets.

Of the five tank plants they have, they claim they are going to close two this year and they are going to reduce the number of tanks they make to below that number that we make. In fact, Minister Yazov said to me, "You make 1,200 a year; we are going to make less than you." And I said, "You are wrong, Mr. Minister; we only make 700 a year." He said, "Fine. We will still make less than you."

The trouble is, he is probably serious. They will probably reach that point. But let me make this point, if I may, Senator. It is going to be increasingly difficult for us to base everything we do on a threat that you can see and touch and then marry up with some kind of intent so that it is a believable threat. We are going to reach a point where the military leaders are going to come up here and say to you, "We cannot give you the kind of threat you are looking for."

But I do know that we are reaching the point in our force structure where it is just prudent to have no less than this for the con-

tingency we do not know about, for the crisis we were not expecting. There are not a lot of Third World situations out there that the American people are going to let the Armed Forces go prowling around. I know that. We are not going to be able to lose Europe and build up a Third World set of contingencies and so-called low-intensity threats that will justify the kind of force structure that we have now, and I am not trying to. I do not talk like that.

What I am saying is that there is a level below which it would not be prudent for us as a superpower and leader in the western world to go below. We will always need a fairly significant number of army, marine and air forces that can go to a place we were not expecting to go. There will continue to be a need for a heavy force component to our force posture because things may change in Europe, or there may be another area of the world that, as was raised earlier, we may have to go to that requires heavy forces, forces we can deliver and sustain over time. We should never be without that capability.

We are going to continue to need some forces in the Pacific because we get a heck of a return on our investment in the Pacific.

Senator BUMPERS. If I were in your shoes, General, I would want it all because I would dread the day the President calls and says, "General Powell, we want to go to Panama," and you think, "Oh, my God, what do we need," and you want to make sure you have that. I understand that.

General POWELL. Well, I owe that to the President. I owe that to the American people and I am awfully glad that when he turned around and said we have to go to Panama not only were we ready but we had the plans ready and we did it well, very well. I do not ever want to be a Chairman of the Joint Chiefs of Staff, say in June 1950, when somebody turned around and said, "Well, we did not think we were going to have to fight in Korea."

Everything looked neat, and we even said it was not in our zone of influence and were not even worrying about it, and 2 days later unprepared, ill-equipped American units were being thrown in to make up for the lack of foresight. And it cost American lives. I do not want to preside over that.

Senator BUMPERS. Mr. Chairman, with your indulgence, I would like to ask two additional questions. I have taken longer than I know is my allotted share.

B-2 MISSION

General, what is the mission of the B-2 now?

General POWELL. A penetrating bomber which allows us, as far as we can see the threat, to continue to penetrate to the depth of the Soviet Union and an increasingly sophisticated air defense environment.

Senator BUMPERS. What targets would it go after?

General POWELL. It would go after high-value targets that may not have been eliminated in the first exchange. It has the potential, although it does not yet have the capability because we are trying to figure out how best to do that, to target mobile systems that may exist in the Soviet Union.

Senator BUMPERS. Do you know what the Air Force told us recently about mobile targets and the B-2?

General POWELL. I do not know what they said, sir.

Senator BUMPERS. Here is what they said:

Much has been said in recent months about attacking relocatable targets. Let me say at the outset that attacking highly mobile targets is neither the reason for the B-2 nor is it likely to be accomplished with great efficiency in the near to mid term. However, the B-2 is the best longer term hope for that job.

Now what is the long term?

General POWELL. The long term is to be able to find the cueing systems or sensor systems for an intelligence system that will allow us to locate mobile systems with some degree of fidelity and precision and then the B-2 at the moment looks like it might be the system to provide that intelligence-gathering function as well as the attack function.

Senator BUMPERS. General, for those of us who have been strong supporters of the B-2—I was opposed to the B-1; I was a staunch supporter of the B-2 and I am having to reassess my position on that simply because, No. 1, I do not think we are testing it sufficiently before we start to buy the thing and, No. 2, I worry about its penetrability, its penetrating capability. And, third, it seems to me that we keep changing the mission for the B-2 in order to keep it on track.

Those are just comments on that.

SOVIET ASAT

Now let me ask you my final question on ASAT's. When was the last time the Soviets tested an ASAT?

General POWELL. A number of years—I think in 1982.

Senator BUMPERS. And does the Navy not have countermeasures against even that rather crude system?

General POWELL. I am not sure of the quality of the Navy countermeasures and whether I could accept your statement without looking at it further.

Senator BUMPERS. I mean this is kind of a crude system. I think everybody would admit that. [Deleted.] Do you not think ASAT's basically are destabilizing?

General POWELL. It is particularly destabilizing if only one side has an ASAT capability, however rudimentary you may characterize it. But the fact of the matter is that they have tested one and they do have that capability. And it seems to me it would be prudent for us to continue to pursue our own capability.

Senator BUMPERS. Well, I think ASAT's are one of those things that is a fairly sophisticated subject. It is a sophisticated argument that not many people buy into because it is not very sexy to talk about, like B-2's and rail-mobile, but I think in the scheme of things, particularly as far as treaties are concerned, it is very important.

Incidentally, I have one other question. Do you know what the NATO allies are likely to say in 1994 when we actually do reach the ABM Treaty, according to the narrow interpretation?

General POWELL. What our allies would say, sir?

Senator BUMPERS. Yes.

General POWELL. I could not speculate.

Senator BUMPERS. You do not know?

General POWELL. No.

Senator BUMPERS. Do you know why we are spending \$200 million for research on the Lance when the probabilities are like 98 percent that we are not ever going to deploy it?

General POWELL. At the moment that remains an allied decision. I think it would be inappropriate for us to unilaterally pull out of a program that was an alliance decision and was a sound decision at the time it was made. But I understand the concern that exists in Congress.

Senator BUMPERS. General, thank you very much.

General POWELL. Thank you, Senator.

Senator McCLURE. Mr. Chairman, might I just ask one followup question? Dale made reference to the fact that a moment ago I said that they would destroy old tanks first, which I think is true. But I want to put that into the context which I intended because apparently my friend did not understand what I was trying to say.

As I understand it, you pointed out in your testimony earlier that destruction of that number of weapons is going to take some time.

General POWELL. Yes, sir.

Senator McCLURE. And until they have completed the destruction we do not know what they will destroy. They can promise to. They can start to. But that would be over some period of time.

General POWELL. To be determined, yes.

Senator McCLURE. What would you anticipate that timeframe to be?

General POWELL. We are looking at a short timeframe, 2 to 3 years. The Soviets are looking at something longer. [Deleted.] Even then, it is going to be an enormously difficult thing for them to be able to do.

Senator McCLURE. The only point I was trying to make was that if they start with their older weapons first and it is [deleted] they have got a period of time in which the past asymmetry remains.

General POWELL. That is correct, sir.

Senator McCLURE. Thank you.

General POWELL. And, of course, any rational man would tear up the old ones first.

UNITED STATES PRESENCE IN KOREA

Senator BUMPERS. General, I take it from your testimony you think we should have a presence on the Korean Peninsula forever, at least as far as you can see. By presence I am not talking about the size, but you think there ought to be a presence there.

General POWELL. Yes.

Senator BUMPERS. For regional purposes; is that correct?

General POWELL. For regional purposes and for the purpose specifically of the Korean Peninsula, yes.

And, as noted in the press reports, the Secretary has been talking to the Koreans about them taking more of a leading role so that we can go back to more of a supporting role because they have

the wherewithal and the ability and the financial resources to do so.

Senator BUMPERS. I must tell you, General, I think that to take 5,000 troops out over a 3-year period, if we were going to extricate ourselves from Korea, we are talking about the year 2015 to get out at that rate.

General POWELL. Well, I am not sure we want to extricate ourselves.

Senator BUMPERS. I understand that, but I think you would agree, would you not, barring some unforeseen circumstances, we do not need more troops there now than we had in 1981, for example.

General POWELL. It is a difficult issue in that the Koreans are very sensitive to this issue and it seems to me that 5,000 is a prudent phase 1. See how they pick up their lead responsibilities and then we can look at greater reductions over time. It is not linear, saying it will take until 2005 or 2015 for them all to come out.

Our presence there for the last going on 40 years—it is hard to believe—has been a stabilizing influence not only on the peninsula but in the region. It shows our commitment. So I think we can phase it down and change the nature of the relationship over time, particularly the command arrangement over time.

We have got some dear friends in the Koreans, friends who have relied on us, and I do not think we want to shake them too badly, too quickly.

Senator BUMPERS. Well, I agree with that to a point. But, you know, Senator Bentsen and Senator Johnston and I last year tried to get this thing started, and I think that debate maybe served the purpose of escalating the Pentagon's thinking about it. So we succeeded to some extent.

And I think Mrs. Aquino made a terrible mistake the other day. I do not know her well. I met with her. But I just thought that was a pretty coarse thing for her to do, considering the fact that she would not be there if we had not put a few planes in the air back when the coup attempt was made. I think it was a rank case of ingratitude.

But, be that as it may, we face that all the time in Korea. That is still a very volatile, burgeoning democracy. You talk about flag-burning. That is the favorite pasttime in South Korea, burning the American flag.

Did you see that Herald Tribune story about the three guys—the Englishman, the Frenchman, and the Korean—who found their wives in bed with another man?

General POWELL. No, sir; I cannot say that I did.

Senator BUMPERS. The Englishman politely excused himself and tiptoed out and closed the door, the Frenchman beat the hell out of the guy and threw him out, and the Korean went down to the American Embassy and started a demonstration. [Laughter.]

General POWELL. The number, of course, is closer to 7,000—the 5,000 the Secretary announced this week plus the 2,000 that are coming out as a result of base closures issued a couple of weeks ago.

Senator BUMPERS. Our proposal was ultimately, over the next few years, to leave 13,000 essentially air, navy, intelligence, and communications people there.

General POWELL. There is great symbolism to the Second Division as an entity, as you know.

Senator BUMPERS. Thank you again.

Senator INOUE. I have a few other questions, Mr. Chairman. One is a followup question to the line of questioning of Senator Bumpers.

UNITED STATES MILITARY IN THE FAR EAST

In the presentation by the Defense Department, I gather that the main justification for our significant presence in NATO and in the Far East is the threat of the Soviet Union, notwithstanding glasnost or perestroika. The threat is still there and we are not certain as to the level of this threat, but it is still there.

I would like to suggest that there is another reason for our presence there which we do not articulate too well, and that is a fear, whether real or perceived, of a unified Germany with expanded economic power and expanded military power, and, on the other side of the world, expanded military power of the Japanese. The history of this century, I believe, rightfully or otherwise, has convinced many of their respective neighbors that this is threatening.

For example, the Japanese, I have been told, the defense planners there, are seriously considering acquisition of what I call power projection capabilities such as refueling tankers. Now you do not need that for self defense. They are also seriously considering aircraft-capable or aircraft-launching vessels.

Does this concern you?

General POWELL. Not particularly, Senator. I do not think there is any thought within Japanese political circles and elsewhere that they need to move to a defense posture that would be considered offensive to neighbors. Nevertheless, the perception of their neighbors is there, as you correctly stated.

I would like to take your example a little further and say that we serve another useful purpose by our presence in that part of the world, and you cannot talk about this publicly because it sounds sort of big brother-ish. But a lot of those nations just find it comforting to have American power in the region, perhaps sometimes over the horizon, sometimes port calls, but just as a way of providing a sense of stability to the Pacific. We get enormous return on our investment.

Senator INOUE. There is a real concern there, speaking for some of the leaders out there. They are just frightened as to who is going to fill the vacuum if we should leave there.

General POWELL. And we should not.

Senator INOUE. As a rather senior Japanese politician told me, he said, "Well, if the United States should leave, we would need a navy to protect our sea lanes, because, after all, you have a navy to protect your sea lanes."

General POWELL. Even in another country whose name I will not mention there are different factions being held together within that country and the reason it has not broken out into perhaps

more violent confrontation is the fear, unfounded fear, that perhaps the Americans might come in and sort it out. So they get along because Big Brother is in the region.

It is a delicate situation and one you cannot talk about too much, but we do provide a very stabilizing presence in the Pacific and Asia.

Senator INOUE. I think there are good reasons for staying out there.

IMPACT OF BUDGET CUTS

I have asked the staff to do some calculating, very simple calculating which would in a capsule tell you the problem I have as chairman of this committee and, I think, the problem you have.

Recently the chairman of the Budget Committee of the House, concurred by the chairman of the Senate Budget Committee, suggested that we should be able to cut the defense budget by at least \$10 billion in outlays. So I asked the staff to see what it would take to get \$10 billion in outlays. And staff tells me that if we eliminated procurement in fiscal year 1991 for the B-2, the C-17, F-15, the rail-garrison MX, the Aegis destroyer, Trident submarine, D-5 and SSN-21, we would reduce budget authority by \$19.1 billion, but in outlays a reduction of \$916 million only.

Is that about right?

General POWELL. I would not question those figures. Most of those are high budget authority, low outlay programs.

Senator INOUE. Then, if we added to that the R&D associated with these systems that I just mentioned, we would save in outlays \$2.7 billion, which would suggest to me that if we have to meet that \$10 billion outlay reduction we'd have to go very deep in personnel and O&M, would we not?

General POWELL. Yes, sir.

Senator INOUE. In studying the budget request submitted to us, I notice much talk about reducing men and women in uniform, but almost no mention about reducing men and women in civilian clothes. How come?

General POWELL. There are some reductions. I think the total is in the neighborhood of 20,000.

Senator INOUE. It is miniscule compared to what is the number for the military.

General POWELL. The Secretary has taken other actions, such as the current hiring freeze to try to get the civilian numbers down, as reflected in the current budget, the execution of the 1990 budget.

He is hoping, I know, to achieve greater savings as they go into the DMR, the Defense Management Report, execution of the Defense Management Report recommendations.

Senator INOUE. I am certain you are aware that the GAO just issued a report stating that \$1.2 billion of the deferrals were not authorized. I hope you will convince the Secretary that he not only study the GAO report very carefully but hopefully abide with it and come forth. The procedure set forth is rescission, see what we do about it. I think the GAO report is rather clear. In fact, they

question the rest of them, too, but they identified about \$1.2 billion as being outside the law.

General POWELL. I saw that report and I know that the Department is examining it very carefully and Secretary Atwood today is looking at it very carefully.

NEED FOR COMITY

Senator INOUE. I do not know if this will be on the transcript, but since we are speaking candidly here I want to do it for the record. This is a \$300 billion budget and we would like, to the extent possible, to go along with the administration, with your suggestions and that of the Secretary to the fullest. But yet you know and I know if you are going to get the votes around this table or, better yet, the votes on the floor, it would take more than your eloquence and the eloquence of the Secretary. We need what I call cement to keep the troops together.

In your deferrals you have taken away that cement. I realize that these projects, these systems, were not requested by DOD. None of them are mine, incidentally; I have no assembly plants in Hawaii. But because of these cementing projects I am certain you have noted that in the last go-round we went through, with extraordinary dispatch. The subcommittee finished up its work in less than 1½ hours; the full committee did it in about 2½ hours. And if it were not for that strange amendment that came up on the floor we would have finished in 3 hours on the floor.

What I am saying is that these projects that we have put in there were not really initiated by the Congress or the Senators. You take the Osprey, for example. The Marines wanted that. So it was not something that we were foisting upon you. Take the 14D's. I went out to the *Eisenhower* and I checked it out with other pilots, and it was almost unanimous. Give us the 14D.

It has been the same with other projects. I suppose if I was sitting in your place I would have given the same response, saying that yes, we have no use for the Mississippi ammo plant because we have enough of that ammo. But all of these things are, I think, essential in this process. I hope you can tell the Secretary, because he has been with us here in the Congress, that we are trying to be very cooperative. I would hope we do not get into this unnecessary mess of confrontation.

General POWELL. I will communicate this back to the Secretary.

Senator INOUE. We are trying our best, believe me. I have many other questions I would like to submit for your consideration, and I hope that you can look it over and give us a response.

General POWELL. I will indeed.

SOVIET NAVY

Senator INOUE. I have two questions, specific questions—one because I do not know the answer. Is the *Kirov* class cruiser being cancelled by the Soviets?

General POWELL. I will get that for the record. I do not know if they capped the program or not.

[The information follows:]

[Deleted.]

Senator INOUE. That would give a little signal to us here.

General POWELL. Let me check. I just do not have that in memory, whether that has been capped.

One of the things I have had the staff start to look for is we have made estimates of ship reductions, for example, on the basis of seeing long-lead items showing up at a shipyard. And I started to ask the staff. That long-lead item was probably ordered in the early days of Gorbachev or before Gorbachev. Let us make sure that it is now actually going to be built as opposed to basing our estimates just on decisions that were made three or four years ago.

So we are trying to get ahead of the intelligence curve that way. [Deleted.]

And one of the things I have told the staff is we also have to start watching to see if the Soviets are going to actually field to the entire force some of the programs they have in research and development. Maybe in this new environment they will not feel the pressure to take something from research and development and put it in full production in order to outfit the whole force. If that is the case, that will have a significant impact on the way we start to look at our future force modernization programs.

Senator INOUE. I have been called upon by several female members of the military, and they would like to get your assurance, such as possible, that in the reduction in forces that it will be proportionate, men and women, and that you will not get rid of all the women first and then start taking out the men.

General POWELL. No, sir; it will be by unit and function, certainly not by gender. I am a great supporter of women in the Armed Forces. I have, I think, been on the leading edge of that. As a corps commander I used to tell all the visitors. Are women going to be in combat? You betcha. Day one, hour one, they will start taking casualties and they expect to. They have trained for their mission and I could not think of performing my corps mission without them. But at the same time I am also satisfied with the national policy we have with respect to where women should serve and where they are allowed to serve, and they should be given every opportunity to go to the highest levels within those fields.

So I cannot envision any situation where we would in some way discriminate against women as we draw the size of the force down.

SENATE BUDGET COMMITTEE REPORT

Senator INOUE. This next one is not a question. It is a request. A few weeks ago the Budget Committee came forth with an announcement that they had discovered \$30 billion of surplus and waste in the military. You have surplus inventory scattered all over the place worth \$30 billion. Can you tell us what they are talking about?

General POWELL. I have not examined the report. It is something that is in the individual services. I do not know how much of it really is waste.

Senator INOUE. I did some preliminary checking and I came up with some very interesting segments. The single largest item in that \$30 billion surplus is the coal that the military purchased, and

apparently was called upon to purchase by Members of the Congress.

General POWELL. "Called upon" is hardly the right words, Senator. [Laughter.]

Senator INOUE. I want to know these things. I have also been told that you have got warehouses filled with M-1 rifles that nobody wants but you still have them stacked up there. I think it would be well to expose these things. What do they mean by this surplus? I would like to know.

General POWELL. I would be delighted to get the information for you. Some of the more hysterical claims that were out there were that we have 15,000 years' worth of a certain part, which is not accurate. And we are sometimes just caught in the middle. We are told to do things economically. In the case of the so-called tool that we bought for F-14's that we had 14,000 years' worth, or whatever it was, turns out we really only had 15 years' worth, and the reason we bought 15 years' worth was that the manufacturer was phasing out the line, so sensibly we bought the number we thought we would need for the next 15 years, which generally corresponded with the life expectancy of that particular component the tool was designed to work with.

But the investigators who were working on it did not accept our explanation. They preferred to say we only needed two of these a year when the fact of the matter is we use 2,000 to 3,000 a year. But it gave them a wonderful scare story that said that we had 15,000 years' worth of them.

We were accused of keeping in our warehouses field pants that are left over from the Korean war. Well, it turns out those are terrific field pants and it is very prudent to keep them.

[The information follows:]

SURPLUS RIFLES

Since FY79, the DoD Appropriation Bill has prohibited expenditure of funds for the demilitarization of surplus nonautomatic small (less than .50 caliber) firearms. Although we believe the primary intent has been to preserve M-1 rifles for sale to qualified public parties, the net result has been broader. Approximately 760,000 weapons, mostly unserviceable, are currently stored in our depots due to this legislative restriction. This number includes both standard military small arms as well as non-standard weapons that have been confiscated by military authorities. The following generic types/quantities of weapons were being held as of 1QFY90:

M1.....	249,700
M14.....	455,400
Other rifles	29,200
Pistols/revolvers	17,300
Shotguns.....	2,900
Nonstandard.....	6,300
Total	760,800

Senator INOUE. I hear you also have a lot of K-rations and C-rations.

General POWELL. Oh, God, I hope not, sir. [Laughter.]

I think we are pretty much into the days of "meal, ready to eat," as we call them.

Senator INOUE. You would be in danger if you distributed that.

PURGING OF GENERAL OFFICERS

One final question. We have heard a lot about the extraordinary, dramatic changes in East Europe. We have listened to the new President. Ceausescu was executed. East Germany and West Germany are now going to get together. The Wall is going down. Have any of the generals and senior officers of the pact or the Soviet Union been thrown out?

General POWELL. The pact, non-Soviet Warsaw Pact has had a pretty significant turnover in the senior general ranks as the new political leaders took over. I met with all six non-Soviet Warsaw Pact leaders in Vienna last month, and five of the six of them had only been in their jobs for more than a month.

Senator INOUE. How about the Soviet Union?

General POWELL. The Soviet Union has had a rather significant turnover, but thrown out of their jobs. Gorbachev retired a number of them when he first came in and brought up people like General Moiseyev, my counterpart, Marshal Akhromeyev. He has pretty much brought into senior positions military leaders who share his vision, who are dedicated to glasnost and perestroika and who are moving the armed forces in a way that is responsive to President Gorbachev. And I sense no serious resistance to his efforts.

What I have sensed just in recent days is some annoyance and concern on the part of people like General Moiseyev and Minister Yazov, who are worried about whether they can handle the change within the armed forces that the President has been calling for. So I have noticed recently some resistance. But these are from people who have been totally loyal to Mr. Gorbachev, so they may be speaking out a little bit but I do not sense any break in the loyalty that exists between the Soviet senior military leadership and their President.

Senator INOUE. I think we have got our work cut out for us.

General POWELL. Indeed we do, Mr. Chairman.

Senator INOUE. You got a flavor of what we will be facing in the coming months. I think as we proceed we should keep in mind—and I say this with great respect for my colleagues in the Congress—that there will be some who will base their decisions upon testimony and evidence of the technology involved, but at the same time there will be equally significant numbers voting strictly on the political rationale.

General POWELL. I understand that entirely.

Senator INOUE. I do not think that all members have carefully studied the B-2 or the C-17 or the ATF, but they are going to vote on it. If the political reasoning is the more powerful element in Congress, then you have got problems.

General POWELL. I understand, Mr. Chairman.

Senator INOUE. So I think the luxury of confrontation is not available this year.

General POWELL. I understand, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUE. With that, I thank you very much and look forward to working with you. We will submit the balance of the questions for your response.

General POWELL. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUE

MAJOR AIRCRAFT REVIEW

General Powell, you are a member of the Major Aircraft Review Steering Group assessing the justification and composition of the Pentagon's four most expensive and controversial aircraft programs--the Air Force's B-2 bomber, Advanced Tactical Fighter, and C-17 transport, and the Navy's Advanced Tactical Aircraft. Preliminary results of this review were due last week. Final recommendations are due to Secretary Cheney by March 30, 1990.

Question: What are the emerging or preliminary results of this review? Will present and anticipated changes in the Soviet threat permit us to cut back significantly the research and development or procurement pace of any or all of these programs? As we strive to meet budget limits, can we reduce the total costs for each of these programs by decreasing the overall projected number of B-2's from 132, of ATF's from 750, of C-17's from 210, and of ATA's from the classified total?

Answer: At this point, the results are being formulated from the data collection and preliminary analytic efforts. The analysis is continuing. The Secretary of Defense will be briefed on the report and then authorize release, as he deems appropriate.

Question: The pace and justification for both the C-17 and Advanced Tactical Fighter were based principally on meeting the most severe scenario of a Soviet invasion of Central Europe. Does the much diminished Soviet threat in this region call into question the total procurement and production rates now projected for both programs?

The ATF research and development program is very ambitious--especially in the avionics area. Full scale development is scheduled to begin in mid-fiscal year 1991. Does the diminished Soviet threat in Europe permit us to postpone full scale development until more advanced technology development has been accomplished in order to lower the risks of the overall program?

Answer: The Major Aircraft Review is in progress. It should offer insight into these questions. It is too early to reply specifically to these questions. Upon completion and review by the Secretary of Defense, results will be released, as appropriate.

How Much Deterrence is Required?

Question: General Powell, under the expected START treaty, the U.S. and the Soviet Union each will be able to retain between 6000 and about 9000 warheads - depending on how bomber weapons are counted. Either total is much less than the numbers of weapons now included in the U.S.'s overall nuclear war fighting plan - the Single Integrated Operational Plan, or "SIOP."

Are you and the senior civilian leadership of the Pentagon trying to redefine "How much deterrence and nuclear war-fighting capability is enough?" based on these new START force levels? Do these new force levels give us the

opportunity to reassess our nuclear targeting and damage expectancy requirements, and the balance among the various components of our strategic TRIAD? Are you willing to undertake such a reassessment?

Answer: We are carefully reviewing all facets of our nuclear force structures, policies, and plans in light of the progress in the START talks, and in light of the dramatic political and social changes within the Warsaw Pact. These two specific developments have focused our assessment of our nuclear targeting, force structure, and damage requirements; however, the size of the U.S. deterrent force, and the plans we have to use those forces if deterrence fails, must ultimately be based on the size and capability of the Soviet nuclear threat. Our fundamental strategy of nuclear deterrence has served us well for over 40 years, and has brought us to this dramatic point in history where a better world is clearly in sight. Now is not the time to abandon the time-tested foundation of a strong, modern deterrent force properly sized and constructed to meet the threat. With a modern force, the United States will remain properly positioned to achieve our goal of dramatically reduced nuclear weapons in a more peaceful world.

FUTURE OF THE B-1B AS A PENETRATING BOMBER

Question: General Powell, two days ago Secretary Atwood told the Subcommittee that the B-1B will not be used as a penetrating bomber after the year 2000, that it would be equipped with Advanced Cruise Missile by then. This statement appears to be at odds with earlier information which we had received from the Air Force. In your own personal, professional military opinion, do you think the B-1B will be able to penetrate Soviet air defenses by the year 2000? Should we not equip the aircraft with Advance Cruise Missiles by then?

Answer: The B-1B bomber is right now the best penetrating bomber in the world. Notwithstanding this fact, evolutionary improvements to Soviet air defenses are now projected to complicate the B-1B's ability to penetrate the most heavily defended targets. As this happens, the B-2 will become the penetrator of choice as the B-1B then will be used for the less demanding targets. We, in conjunction with the operational commander, will evaluate the need to employ cruise missiles on the B-1B as the time for that decision nears.

Question: As defense budgets become smaller and tighter, do you think the nation can afford to maintain a bomber force structure of penetrating B-2's, penetrating B-1B's, and cruise missile-carrying B-52's in the future? Would this not place unacceptable limits on funding for conventional forces?

Answer: As we draw our forces down in the future, it will be an absolute necessity to maintain the most modern weapon systems available. The percentage of the defense budget represented by the strategic nuclear offensive forces has been relatively consistent for the last forty years and is not predicted to change as a result of the plans you have identified.

Question: The Air Force wants to spend about \$1 billion to fix and improve the B-1B to permit it to penetrate Soviet air defenses in the 1990's. If funded, this program, will not be finished until the mid-90's. If the aircraft becomes a cruise missile carrier by the year 2000, why should we spend these funds for so brief a payoff period?

Answer: As we draw our forces down to meet the projected START limitations we must be able maintain our deterrent posture while keeping our risk of war low. The modernization of the B-1B will be a prudent hedge which will maintain the bomber as a penetrator as we bring the B-2 bomber into our strategic arsenal. This and other strategic modernization efforts are the very reasons the Joint Chiefs of Staff have been so strongly behind the START treaty process. Continuance of such programs will allow the US to maintain our deterrent posture, promote stability through dependence on the bomber's "slow to anger" features and keep our risk of nuclear war low. We expected to have a defensive capability which we apparently do not have. We ought to go out and fix the B-1B to make sure we have the capability to do what we need to do with the aircraft.

Question: The B-2 program is under review today. Among other things, that review will consider the use of the B-1B with cruise missiles -- to attack mobile Soviet targets. The ICBM programs will be reviewed later this year. A START treaty expected by the end of 1990 could have a major impact on these systems and the TRIDENT program. With these unknowns, why should we approve fixes or improvements to the B-1B until we have a better understanding of the future elements of the nuclear TRIAD?

Answer: The B-1B is the world's most effective bomber. Yet, the B-1B was always considered a transitional bomber to fill our force balance as the B-2 technology and production became more certain. If the B-2 bomber procurement program is drastically reduced or stretched out beyond the year 2000, B-1B operations will be reevaluated. Without the B-2 bomber it would be to our advantage to retain the maximum amount of flexibility available in B-1B operations. The worst of all worlds would be to enter into the late 1990's having signed a START agreement and not have the capability to maintain our strategic posture under the treaty because of irreversible actions we took today.

RESHAPING THE U.S. MILITARY FOR THE FUTURE

Question: Each service's share of the total DoD budget has remained fairly stable for the last several years. Reductions usually are apportioned on a rough pro-rata basis without addressing whether the security needs of the nation require any service to receive more or less of a cutback.

In today's environment of dramatically-changed threats and drastically-reduced budgets, are you recommending and engaging in a rethinking of the roles, missions, and budget bases of all the services? Is perestroika possible within the Pentagon?

ANSWER: Apportionment of the defense budget is based on a thorough military assessment of the national defense requirements. The process begins with a Presidentially sanctioned view of the threats to national security. Once the threat is defined the functional contributions each Service can make are defined. Based on the remarkable changes in the last few months, you will see a shift in resources required for these contributions. The Services request resources based on what they estimate they will need to provide the necessary forces. When appropriations fall below the level of the request, any shortfall is distributed in close approximation to the percentage of budget which had been justified for each service. It is the responsibility of each service to ensure that it can comply with its mission requirements even with reduced resources.

In light of the rapid turn of events of the past eight months, we have worked to reduce the FY 91 budget to accommodate the anticipated reduction of defense funds and have restructured Service requirements to address the changing nature of the threat. As the Secretary and I have worked these matters our foremost priorities have been to preserve force quality. Force quality has two primary elements: first is trained, ready and proud people who are committed to carrying out defense missions, and second is an arsenal of modern effective weapon systems. This objective will guide the combined efforts of the Department of Defense in defining the changes for the FY 1992 to 1997 budget and our programs to provide for the national defense.

Question: What assurance can you give us that you are willing to make difficult choices which may significantly alter the services' traditional shares of the DoD budget, if the overall U.S. military posture is better served?

Answer: One of my main responsibilities under the Goldwater-Nichols Defense Reorganization Act is to provide the Secretary and the President with a point of view that cuts across traditional service lines. I believe that such advice is particularly important as the Department revises its plans and programs in light of the fundamental changes taking place in the world. I cannot assure you that this revision will result in what everyone would agree is a "significant" change in budget shares, but I can assure you that I do not have any preconception as to what the outcome should be.

Question: How will you minimize intra-service and inter-service rivalries as the world changes and budgets get tighter?

ANSWER: The rivalries that exist within and between the Services are for the greatest part professional. I emphasize professional, as it is the responsibility of each Service to assess how it can best use its resources and the skills of its people to counter the changing threat. Service rivalries are an expression of positive competitiveness which drives change and improvement in the national defense structure. This phenomenon is more akin to the free market spirit of capitalism than to the bickering of children to which it is frequently compared. Unfortunately, it is the occasional aberration that gets the publicity and obscures the benefit which the nation derives from the competitive spirit of the

military Services. It is important to realize that it is Service competitiveness that has brought about so much of the innovation that the world has seen in military concepts. Similarly, it is the discipline of the men and women in the Services that makes them bond into a cohesive force to achieve their tasks once the plan is decided.

I fully anticipate that the Services will respond positively to the new challenges. They will confidently and capably meet the changes in the international politico/military environment even with reduced resources.

Question: The Army intends to transition from a heavy forces orientation to a more balanced mix of heavy and light forces. If as many as half of the Army's divisions are to be light divisions, why do we need as large a Marine Corps as we have presently?

Answer: It is correct that the Army is reducing its heavy forces. But that is not a valid rationale for reducing the size of the Marine Corps. I believe that the Army reductions are a prudent response to the changes that have taken place in Europe. Further reductions may be possible in the future if the conventional arms control negotiations in Vienna are successful.

As the number of Army heavy divisions decreases, the percentage of light divisions (Army and Marine) in the force will increase. But the number of such divisions will not. We are now determining the total size, and Army-Marine "mix," of our light forces in consideration of our evolving national security objectives and the various threats these forces might encounter in contingency operations. In some situations, the Marine Corps would be the appropriate force to respond to a threat. In other cases, Army light forces would be more effective. And in still other cases, Army and Marine Corps forces would both be needed. More definitive answers in this area must await results of the FY 1992-97 program review that starts in early May and will run through mid-July.

Question: If the Third World scenarios we expect to be more prevalent in the future require more forward-deployed interventionary forces, or even amphibious assault capabilities--classic Marine Corps missions--why can't we reduce the Army even more?

Answer: As of now, I have no reason to believe that we will need more forward-deployed expeditionary forces to respond to Third World contingencies, nor could we maintain a higher level of routine deployments without a significant increase in amphibious force levels. On the larger question of the most appropriate mix of Army and Marine Corps forces, I would note several points. Marine Corps capabilities are ideally suited to some contingencies, and for some operations, forward-deployed Marine forces will be in the right location or there will be time to reposition them. Other situations may require a more rapid response or different capabilities, however. Given the wide variety of potential Third World contingencies, we cannot predict what we will need with the same degree of confidence that we have had in the past in predicting the needs of, say, a war in Europe. Therefore, I would advise that, as we reduce overall spending, we keep diversity in the force structure so as to retain flexibility to tailor our response to the needs of each situation.

Question: Why was the Marine Corps not selected for the Panama mission, for which its force structure presumably is well-suited?

Answer: The contingency planning for Panama started 18 months ago and included in its force list a sizable Marine Corps presence in an amphibious task force (ATF). This ATF was scheduled to arrive off the coast of Panama within 9 to 12 days of notification. The ATF was alerted for the military response to the crisis surrounding the 3 May 1989 election in Panama and remained on alert for the duration of Operation Just Cause. Because of the 3 October 1989 coup in Panama, planning was revitalized to shorten the possible response of the U. S. Government if a military option was required. USCINCSO reviewed arrival times for troops listed in the plan and subsequently, forces with long arrival times in the plan were deleted. Army forces were selected based upon their ability to more rapidly respond.

Marine Corps forces were present and actively participated in defense of the western side of the Panama Canal, and the Bridge of the Americas, a vital facility critical to the introduction of forces to Panama City. Major Marine Corps forces included a security force company, a reinforced rifle company with a forward command element, a fleet antiterrorist platoon and a light armored infantry company.

AIRCRAFT CARRIER REQUIREMENTS

Question: General Powell, it appears from statements by the Secretary and other defense officials that our future defense posture will continue to state a requirement for a fleet of 14 deployable aircraft carrier battle groups.

In a post-CFE treaty (Conventional Force in Europe) world, what plausible wartime scenario would require 14 aircraft carrier battle groups?

Answer: During the Vietnam war, we had an average of 15 attack carrier battle groups and 4 to 5 ASW carrier groups. Today, we have the 14 deployable CVBGs and no ASW carriers. During that period, the ASW carriers could and did meet a significant amount of our peacetime commitments. For the duration of that War we deployed the CVBGs on what was essentially an open-ended deployment schedule. The toll that was extracted on both man and machine was paid throughout the remainder of the '70s and the early '80s when we finally got Optempo and Perstempo under control. I would envision today's 14 CVBGs to be used in much the same way albeit with better deployment rotations.

Question: Your statement contends that continuous naval presence is necessary in certain regions to demonstrate our resolve. To what degree is the projected requirement of a force structure in excess of 10-12 carrier battle groups predicated on peacetime deployment needs rather than actual wartime requirements?

Answer: Carrier force level requirements are determined after a careful assessment of likely taskings throughout the spectrum of conflict: peacetime presence; Third World contingency response; mid-intensity war and global conflict. While the emerging geopolitical security environment suggests that the likelihood of global war with the Soviet Union is diminishing, Soviet naval capability remains a continuing force that we must be able to counter if need be. The Soviet Navy continues to modernize its forces while Soviet shipyards deliver state of the art modern warships to the fleet. In addition, with increased emphasis in peacetime, carrier battle groups have historically been required in the four crisis prone regions of the Indian Ocean, Western Pacific, Mediterranean, and Caribbean Sea. These are regions in which our primary national interests are most often challenged and require an appropriate naval response which is our peacetime presence.

Contingency response requirements are more difficult to plan for than simple peacetime presence. It is reasonable to expect that requirements will exceed those of normal presence. Even with the current force of 14 deployable carriers, we are unable to respond to a crisis with a second carrier for an extended period of time and maintain a continuous presence in non-crisis theaters, without breaking PERSTEMPO. We have only been able to respond with a second battle group and maintain PERSTEMPO by shifting assets between theaters (gapping presence), or by utilizing battleship battle groups to augment the capabilities inherent in the carrier battle group in the contingency area.

In the overall analysis, threats to our national interest can be expected to increase in an unstable and unpredictable world especially in those traditional areas where U.S. presence is essential to regional stability and U.S. interests. Any reduction in carrier battle groups would require prerequisite decisions on adjustments to U. S. presence as well as contingency response planning.

Question: Considering the increase in warning time noted in your statement regarding a conventional Soviet attack in a post-CFE environment, is it really necessary to maintain a permanent presence of one or more carrier battle groups in the Mediterranean Sea?

Answer: As I am sure that you are aware, we are currently re-evaluating any number of programs and policies with regard to the overall force structure and our carrier forces are not exempt. Once we have determined what our future requirements are and have resolved other issues such as the availability of forward basing, then we can take a realistic look at a reduction in carrier force levels. However, reductions in carriers may lead to other force perturbations and logical trade-offs between different types of forces will have to be made.

Question: What is the requirement for continuing presence in the North Atlantic?

Answer: Part of this requirement is to fulfill the NATO DPQ commitment. "Glasnost", "perestroika", etc. notwithstanding, war with the Soviet Union remains the worst-case scenario for which we must plan. Our Maritime Strategy currently states that we will fight as far forward as possible which means the North Atlantic or the Norwegian Sea. To fight effectively in these areas, we must train there.

Strategic Defense Initiative

Question: General Powell, as the nation's highest-ranking military officer, we rely on you for your candid, personal professional military opinions. In your personal, professional military opinion, do you believe that the protection of the national security of the United States requires the following actions to occur:

- (1) deciding as soon as (date is classified) to deploy a Phase One Strategic Defense System?
- (2) breaching the narrow interpretation of the Anti-Ballistic Missile Treaty of 1972 in fiscal year 1995 to continue the current SDI program?
- (3) deploying a Phase One Strategic Defense System as early as fiscal 1997?

Answer: As a preface to my answer, let me give a brief account of what is, and is not, included in JCS requirements. In 1987, the Joint Chiefs of Staff published operational requirements for Phase I of a Ballistic Missile Defense (BMD) System.

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These requirements have been briefed to Congress by the Vice Chairman on several occasions. Intentionally not included in these requirements, or in USCINSPACE's, is the specific deployment date that these requirements should be met. Our desire was to see what technology was feasible before proceeding. I believe that Phase I will contribute significantly to deterrence and protection from limited ballistic missile attacks. Further, I believe it is in our best interests to deploy Phase I and follow-on Phases as soon as they are technically and fiscally feasible. BMD is clearly needed, but a deployment decision cannot be made until technology is sufficiently matured to better determine if the architecture selected is optimized to meet mission needs. The high cost of this program demands that we take careful steps prior to committing large resources. Towards this end, the President has directed that adequate resources be applied on BMD R&D to permit him to be able to make an informed deployment decision in the timeframe. These efforts are underway, and are reflected in the budget request. I believe that this approach is sound. The SDI program is being conducted in full compliance with the ABM Treaty. As a matter of policy, the US has continued to observe the narrow interpretation. It has not been determined whether or when it would be necessary to exercise our prerogatives under the broad interpretation in order to make a decision on deploying Phase I defenses. If the decision is made to deploy, the US will have to exceed current ABM Treaty constraints. In summary, yes we should continue BMD research and is a reasonable time to

make a national deployment decision. The deployment date would then be determined based on normal procurement and fiscal constraints. At this point in time, I cannot determine whether 1997 is achievable or not.

Question: The Joint Chiefs of Staff reportedly have been concerned in the past about SDI testing beyond the constraints of the ABM Treaty and then proceeding to deployment. Do you and the current members of the JCS share these concerns?

Answer: The Joint Chiefs of Staff and I favor remaining within the ABM Treaty regime until a conscious national decision is made to deploy strategic defenses. At that time the ABM Treaty must be modified with full regard to political, fiscal, and strategic considerations. President Bush has structured his budget such that sufficient research and development on ballistic missile defense technologies is pursued so that he can be in a position to make an informed deployment decision in the timeframe. His SDI budget reflects this emphasis and I support it. The Joint Chiefs of Staff SDI Phase I requirements represent the minimum capability needed for deterrence. This capability cannot be packaged into an architecture that is ABM Treaty compliant as currently defined. In summary, the ABM Treaty will have to be modified if there is a national decision to deploy a ballistic missile defense.

Question: The Joint Chiefs of Staff reportedly also were concerned that an expensive SDI deployment would divert resources from other needed defense programs. Since it seems likely that the defense budget will be cut below the Pentagon's request for fiscal year 1991 and the outyears, are you concerned at paying more than \$68 billion for just the first phase of missile defenses will cause underfunding of important conventional forces programs?

Answer: Of course, the Chiefs and I am sure most of the people in our great country share the concerns you have just outlined. The Joint Chiefs of Staff have--and do--support rigorous SDI research to find affordable technologies. Brilliant Pebbles is an example of how these R&D efforts may reduce cost. Estimates of SDI Phase I costs have been reduced from \$69 billion to approximately \$55 billion as a result of Brilliant Pebbles interceptors replacing the previous space interceptor concept. Hopefully more technology breakthroughs will occur in the next years to further reduce costs. The fact remains, however, that ballistic missile defense will be a major investment, just as other important national programs have been. When the time comes for a deployment decision, hard choices will have to be made on which defense programs to fund. Often times it is this type of competition among programs that brings about innovation. I am confident that we can meet the challenges of the international political/military environment, even with reduced resources.

ASAT

Question: General Powell, your statement supports continuation of the U.S. program to develop anti-satellite (ASAT) weapons. As the threat of global conflict with the Soviet Union diminishes, why do you think it still is necessary to continue this costly effort?

Answer: Although the threat of global conflict will likely diminish, the Soviet Union, and other emerging countries as well, will continue increasingly to exploit space for military purposes. Furthermore, there has been no evidence of the Soviets reducing their emphasis on force capabilities needed to insure access to space for military operations. Without a US ASAT capability, the Soviet Union and other countries could conduct operations from space significantly impacting US or Allied forces worldwide. Clearly this represents an unacceptable situation which must be redressed. I fully support the current DOD ASAT program which is geared, should the need arise, to destroy low-earth-orbit enemy satellites. Lack of a US ASAT capability--in real military terms--remains a serious warfighting deficiency.

Question: The present Soviet ASAT system has been described as crude, and its threat to U.S. satellites has been discounted. In your own personal, professional military opinion, what is a balanced assessment of this Soviet ASAT threat?

Answer: I disagree with the basic premise--the Soviet co-orbital ASAT system is not crude and is a direct threat to US satellites. This is an operationally proven weapon system capable of inflicting lethal damage to many of our low-earth-orbit satellites. Proven past engagement success rates, coupled with routine system component testing clearly indicate that the Soviets have developed a system ready for combat. This gives me cause for great concern, especially since we have not been permitted to field systems of comparable capability.

Question: It is contended that the U.S. is more reliant than the Soviets on satellites for military operations, and that a U.S. ASAT program would encourage the Soviets to improve their ASAT capabilities against U.S. satellites, thus lowering our overall security. How would you respond to this assessment?

Answer: [Deleted]

Based upon this assessment, I see no reason to conclude that overall security would be lessened unless, of course, the US was not permitted to develop and deploy its own ASAT capability.

Question: If an arms control agreement banning U.S. and Soviet ASAT weapons is negotiated, why wouldn't this protect U.S. Navy ships more effectively than both sides having improved ASAT capabilities?

Answer: If ASAT weapons were banned by arms control, enemy space-based surveillance systems would be able to continue unencumbered tracking and targeting of our terrestrial forces, including US navy ships. This situation, disturbing from any

vantage point, would not be more effective in providing Naval forces the kind of protection they might need. On the other hand, a US ASAT capability could provide that protection essential to conduct successful time-critical military operations.

Question: Are there detailed tactics and any other capabilities that Navy carrier battle groups would use now and in the future to avoid detection or targeting by Soviet surveillance satellites? Why aren't these methods sufficient against this threat?

Answer: [Deleted]

It is the goal of the current ASAT program to be able to unambiguously negate these future threats, thereby insuring protection to land and sea forces that was previously unavailable.

Question: There are several defensive mechanisms which can be incorporated into satellites--maneuvering away from attack, shielding against lasers, reduced target signatures, decoys, etc. Why does the United States need to deploy an offensive anti-satellite weapons capability, if such defensive measures can counter Soviet ASATs?

Answer: Satellite survivability is but one component of an effective strategy required to protect valuable US satellite systems. Even the most robust survivability measures (shielding, maneuvering, etc.) cannot guarantee countering Soviet ASATs, especially direct ascent or co-orbital kinetic killers. An effective US ASAT capability is an essential ingredient required to deter attack initiation in the first place.

Question: How many high-value U.S. satellites do the Joint Chiefs of Staff predict the Soviets will be able to destroy or seriously damage--and in how short a time period--in a conventional war between our two nations?

Answer: Although the likelihood of conventional war with the Soviets has diminished appreciably, there has been no evidence of reductions in ASAT or inherently ASAT-capable systems. A breakout of Soviet ASAT capability against US satellites (all considered high value) follows:

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- Other ASATs. Other inherently ASAT capable systems, like directed energy and electronic warfare systems, could degrade, disrupt and possibly destroy US satellites.

Question: What would be the direct military operational impact on each of the U.S. armed services, and on combined service operations, from the loss of these satellites, and any other U.S. satellites which might be attacked? What specific military operational plans could not be implemented, and for what particular reasons, due to the loss of the U.S. satellites?

Answer: The question you pose is extremely difficult, if not impossible, to answer. Today the Soviet co-orbital ASAT can put at risk [deleted]

Communications, surveillance, navigation, and environmental satellite systems needed to support terrestrial forces could be put in jeopardy. Political-military wargaming and mission analyses have repeatedly shown that ASAT utility is scenario dependent, broad in scope, and cannot be easily defined in deterministic terms. To address just this topic, the Army recently performed a detailed analysis, called the Cost and Operational Effectiveness Analysis, for the US kinetic energy ASAT program. This analysis was provided to Congress on 13 Feb 90 as part of the "Anti-satellite--A Report to Congress". [Deleted]

OSD viewed this analysis to be a significant contribution to our understanding of difficult ASAT warfighting exchange concepts.

Question: Should these satellites be destroyed or seriously damaged, what other methods and capabilities would U.S. military forces use to try to compensate for their loss?

Answer: DOD is currently evaluating several concepts to address this issue. Lower cost, smaller tactical satellites are being investigated to provide more timely, tailored information to the theater commanders. These satellites are envisioned to augment those high value systems so pertinent to other national missions, such as national technical means. In addition, survivable, responsive launch vehicles capable of delivering these payloads to orbit is under review. Let there be no doubt, the United States must look to new innovative ways of getting into and remaining in space as well as providing theater commanders essential information required to conduct successful operations. Traditional ways of doing business have worked well, but may need to be revised to be more productive, effective, and affordable in the future.

LOW INTENSITY CONFLICT

Question: General Powell, the prospect of significant defense budget cuts coupled with a reduction in East-West tension, has led to wide speculation that a sizeable portion of our military force will be restructured for low intensity warfare. Many analysts, both inside and outside of the Pentagon, view regional conflicts as the principal threat to U.S. security interests into the next century.

-- How do U.S. and allied military capabilities compare with those of the most likely third world or contingency warfare threats? How many of those threats are considered to be well-trained and well-armed -- especially with tanks, artillery, surface-to-air and surface-to-surface missiles, and high performance aircraft -- to present an effective military threat against the U.S. and its allies?

Answer: Unfortunately, your eminently sensible question has no equally sensible answer. I agree that some portion of our military force will likely be restructured for low intensity conflict. But unlike the situation which has prevailed in Europe since World War II, we are not faced with an easily identifiable or predictable threat in the third world. For example, no one would have predicted

as recently as two years ago that we would deploy combat forces in Panama. In fact, none of our recent uses of force in the third world could have been predicted far enough in advance to affect our own force structure and capabilities: Persian Gulf escort operations, strikes on Libya, the intervention in Granada, peacekeeping in Lebanon, or the attempted rescue mission in Iran.

Its instructive to look at the U.S. forces actually employed in these operations: although they were all joint operations, Panama involved primarily ground forces, the Persian Gulf primarily naval forces, Libya air and naval air, Granada primarily ground forces, Lebanon ground forces, and Iran primarily special operations forces. The threats they faced ranged from rudimentary to sophisticated, the weapons from Soviet to U.S. to allied origin. And geographically we operated in Central America, the Caribbean, North Africa, the Middle East, and Southwest Asia.

So it's not really possible to effectively compare U.S. and allied military capabilities with those of the most likely third world threats. But we know that third world military forces are becoming much more capable militarily. For example, 14 third world countries now have operational ballistic missiles, 9 possess chemical weapons stockpiles, and 15 have at least 1,000 main battle tanks. The important thing is to retain an adequate capability to influence events in our favor in the third world, to deter hostile acts wherever possible, and to intervene where necessary to protect U.S. vital interests.

Question: Have the Military Services adopted a common definition of "low intensity conflict?"

Answer: Yes. The definition appears as follows in JCS Pub 1-02, the DOD Dictionary of Military and Associated Terms, 1 December 1989: Political-military confrontation between contending states or groups below conventional war and above the routine, peaceful competition among states. It frequently involves protracted struggles of competing principles and ideologies. Low intensity conflict ranges from subversion to the use of armed force. It is waged by a combination of means employing political, economic, informational, and military instruments. Low intensity conflicts are often localized, generally in the Third World, but contain regional and global security implications. Also called LIC.

Question: If so, can the Congress assume that this definition is reflected in the projected force structure changes and budgetary projections of the services and represents a shared vision of how responsibility for small war scenarios should be apportioned?

Answer: There is no direct relationship between the definition of low intensity conflict and force structure or budgetary concerns. The common definition simply assures that all the services and unified and specified commands are talking about the the same thing when they address low intensity conflict. It does not in any way drive requirements or apportion "small war" responsibilities.

Our system, strengthened by the Goldwater-Nichols Act, makes the combatant CINCs responsible for both small and large wars. They

have the best understanding of low intensity conflicts in their areas of responsibility; they are provided, for planning purposes, the forces necessary to meet contingencies; they articulate their needs based on their missions. The services provide forces to the CINCs.

Question: What roles and missions do you believe the Army or the Marine Corps is better suited for in a low intensity conflict environment?

Answer: Army and Marine Corps forces must be prepared to conduct the full range of possible military operations in low intensity conflict: support for insurgency/counterinsurgency, combatting terrorism, peacekeeping operations, and peacetime contingency operations. The Army and the Marine Corps provide complementary capabilities (along with air, naval and special operations forces) which allow the combatant CINC to tailor his joint force to meet the requirements of specific low intensity conflict situations. For example, the Marines provide forces afloat, capable of a wide range of air and ground military operations ashore. They offer a forcible entry capability especially appropriate in littoral regions. Army airborne forces also provide a forcible entry capability while Army light divisions provide a rapid deployment capability. Other Army divisions may be less rapidly deployable but are more mobile, surviveable, and have the heavy firepower which may be necessary in third world contingency situations today and in the future. Finally, those combat support and combat service support capabilities so critical to military operations in low intensity conflict, such as engineers and medics, are available from the Army and Marine Corps and can be tasked as needed to meet specific requirements.

The President must have available a range of force options to meet the broad range of threats to U.S. interests in the third world; the Army and the Marine Corps are not competitors in this process but rather complement each other.

Training

Question: Several factors affecting DOD training requirements have changed recently or will soon change, including use of simulation, planned reduction in both the number of troops and forward deployed forces, and reduction in low level flight training in Europe.

General Powell, how has the Department adjusted training plans and the budget to reflect these changes?

Answer: The most immediate effect of these changes has been to cancel, postpone, or modify many of our large exercises that were no longer either appropriate or affordable for environmental, political, or budget reasons. Additionally, some Service training programs are also being scaled back to reflect these changes. Overall, while our readiness requirements and standards remain constant, the total amount of training is expected to decline as force structure is reduced. With respect to our operational training, our requirements are based on contingency plans developed by the unified and specified commanders in support of our national strategy. As national strategy evolves to accommodate changes in the world politico-military environment, our training plans will be modified accordingly.

The Joint Staff, unified and specified commands, and Services are now developing a consolidated joint training program that will help identify how we can train "smarter" in a more economical and efficient manner. The missions assigned to the unified and specified commands and the resulting command contingency plans are the basis for this program. Supported and supporting agencies derive distinct, identifiable joint mission essential tasks (J-METs) that serve as the basis for developing a training strategy. Training to support each J-MET is examined in terms of frequency needed for proficiency, and alternative training methods (field training, command post, or command field exercises, classroom training, or some other means) are considered; operational requirements and available funding will determine how training is actually accomplished. This effort, still in the formative stages of development, is already demonstrating its potential. I will be able to report on this program in greater detail next year after we have had more experience executing our initial joint training plans.

We are also examining the use of new technologies and capabilities that will permit our forces to maintain their readiness while providing better and more focused training. A good example of this effort is General Galvin's use of computer-based wargames for REFORGER 90. Although the exercise is still being analyzed, preliminary information indicates that the exercise, as executed this year, provided better training for command and staff elements than we have previously achieved. At the same time, we achieved less training for the troops at lower levels. We are in the process of analyzing the costs associated with computer-assisted exercises and training to determine both the best areas to concentrate on and whether or not the use of this technology offers increased training capability at reduced cost. We may find that improved training may result but that we are trading one type of cost for another. For example, we expect damage claims from REFORGER 90 to be lower than previous REFORGERs; however, we may find increased costs in other functional areas such as communications, computer hardware or software. "Up front" capital investment in new training technologies may initially result in increased costs. However, it may make good sense to make those investments now with the expectation that they will allow us to reduce long-term training costs.

In the near term, our challenge will be to determine and implement the right mix of staff and troop training. An important part of this equation will be to balance costly but potentially effective new training technologies, including simulations, against traditional but essential methods such as field exercises. Better training for our commanders and their staffs is extremely important, but we must be careful not to achieve it at the expense of troop readiness.

Question: What were the results of the scaled down FY 1989 REFORGER compared to previous REFORGER exercises?

Answer: REFORGER 89 was delayed and merged with REFORGER 90 plan and incorporate REFORGER Enhancement Program initiatives into the exercise. These initiatives included the integration of computer simulations, command post exercises (CPXs), and command field exercises (CFXs) in lieu of the traditional, large scale field training exercise (FTXs). (CFXs involve only representative

forces and/or equipment from each participating unit and focus on the training of commanders and their staffs.)

The overall number of troops deployed for REFORGER 90 was comparable to REFORGER 88, however, only representative numbers of deploying forces actually deployed to the field. Unlike REFORGER 88, tanks were not taken into the field for REFORGER 90.

REFORGER 90 illustrates the "right mix" approach we are developing for joint training programs. This approach requires that we consider a range of alternative training methods (such as classroom training, simulations, CPXs, FTXs, CFXs) that might be used to achieve each training objective. Circumstances (such as politico-military environment, affordability, training audience) would then be considered in selecting the "right" tool to accomplish required training objectives. By balancing training capabilities with training requirements, available resources, and environmental considerations, the "right mix" of training capabilities can be used to build an annual training program. Simulations are only one of many tools in the "right mix" tool kit.

Although a detailed analysis of REFORGER 90 is still ongoing, initial impressions of the exercise are favorable. I believe that we must be careful not to oversell the role that simulations have in training. Simulation-supported training requires capital investments in not only a range of expensive technologies (such as computer hardware and software, communications, encryption) but also in additional manpower authorizations for the skilled people that will be needed to support expanded use of simulations. When the final analysis is in, REFORGER 90 may be considered as a good example of simulation-supported training for corps-and-below commanders and staffs; but, we may find that other REFORGER 90 training audiences did not benefit to the same extent.

Simulations appear to have value for many types of training; but, we must remember that there is no real substitute for regular and frequent field training.

Question: What other opportunities to use simulation to provide effective training are available or can be developed?

Answer: Simulation technology is maturing rapidly and can provide very effective training in some areas, but not all. Also, effective use of simulations will require a sizable initial as well as continuing investment in hardware, software, communications, and skilled manpower. Simulations may not reduce training costs for several years, if at all. They will allow us to train smarter and to conduct much more effective training in some areas than has heretofore been possible.

Simulation can support training and exercises for those personnel and functions whose warfighting revolves around the "operational art," such as senior commanders and their staffs at the joint-task-force and theater levels. Such simulation-based training is routinely done at lower echelons in the army, and efforts are underway to expand this to the higher echelons and in joint commands (corps-equivalent and above). Simulation will permit commanders at high levels to follow "free-play" decisions to their logical results without putting unmanageably large forces in the field. REFORGER 90 is an example of this use. Simulations will also give us a capability to conduct training when political and resource considerations might

otherwise permit non at all. U.S. Central Command used simulations in this manner during its GALLANT KNIGHT 88 exercise. USCENCOM continues to explore the use of simulations to support training and exercise requirements.

Simulations can also link geographically separated forces into a common training exercise. This may reduce or eliminate the need to deploy forces to a field location.

We are exploring what we might gain from the Army-DARPA SIMNET project. It appears possible to link individual weapon system simulators with computer-assisted wargames and simulations. If so, we may be able to achieve expanded training, testing and operational capabilities by making better use of existing equipment.

Simulation for training is still a very technologically immature and rapidly evolving technology. While it has demonstrated useful potential, there is much work to be done. We are working to find ways to electronically link existing models together, develop improved models, and to examine the need for interoperable communications links and protocols. The fusion of command, control, communications and computer technologies is another area we are examining. We believe our goals in these areas are technically feasible, if we have the resources and commitment to achieve them.

I must emphasize that simulations cannot replace the need to regularly put men and equipment in field conditions. Simulation has very real limitations, particularly where there is a requirement for actual "hands-on" experience. In many cases, there is no substitute for being in the field, at sea, or in the air. Simulation can create challenging imaginary battlefields but it cannot (as yet) recreate the complexities of the real world.

Question: How has the reduction in low level flying affected the readiness of pilots stationed in Germany?

Answer: [Deleted]

What has changed are the operational procedures that the aircrews use when conducting LLFT.

After a series of highly publicized allied military aircraft accidents during the last half of 1988, the Government of Germany (GOG) asked the six allies (United States, United Kingdom, Canada, Belgium, The Netherlands, and France) that conduct LLFT in FRG to accept a number of procedural changes to the conduct of LLFT to reduce the environmental impacts on the populace. Negotiations over the German proposals began in March 1989 and continued until November 1989, when agreement was finally achieved among all the nations involved. Immediate agreement over many of the proposed changes was possible because the changes did not affect readiness. The most contentious issues in the negotiations concerned proposed restrictions to training in the seven small training areas that permit the lowest altitude training (75-to-300 meters).

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FRG Minister of Defense Stoltenberg has stated publically and privately that he does not intend to seek additional restrictions.

While the issue has been resolved for the present, low level flying may emerge as a political issue during the FRG's 1990 election campaign.

CONVENTIONAL FORCES EUROPE (CFE) TREATY

Question: The President has indicated that he expects the Conventional Forces Europe (CFE) treaty to be signed at the planned June summit, with entry in force possible as early as January 1991. This would significantly change both the number of forward deployed troops and the amount of supporting equipment. At the same time, this treaty will require additional efforts to verify compliance. General Powell, to what extent are these changes - and the associated dollar savings - included in the FY 1991 budget request? When will the Department make available information on specific additional savings, especially from President Bush's initiative to reduce troop strength in Europe to 225,000?

Answer: The FY 1991 request reflects initiating general manpower and force changes resulting from the political changes in the Soviet Union and Eastern Europe but makes no specific assumptions as to magnitude of any savings or timing of changes associated with the potential signing of the Conventional Forces Europe (CFE) treaty. Information will be made available as soon as possible after the implementation issues are resolved. The timing of the drawdown, the disposition of equipment, European bases and facilities as well as the size of the U.S. military and civilian force structure after CFE are critical issues that must be decided before an estimate of savings can be made.

Question: When would savings be realized?

Answer: The year-by-year savings resulting from CFE implementation cannot be completely identified until all of the major implementation issues are resolved--within the U.S. government, within the NATO alliance, and with the Soviets. Such issues as timing of drawdowns in Europe, the allocation of treaty-limited-equipment reductions within the NATO alliance, and the size and timeliness of U.S. reinforcement commitments to NATO will significantly influence when the U.S. will first enjoy net savings as a result of CFE. In general, the savings will expand progressively across the years of treaty implementation, with minimal net savings in the first year.

Question: What additional costs will result from the treaty? When will these funds be required?

Answer: The additional costs will include dismantlement of treaty-limited equipment, verification of treaty compliance, return of non-treaty-limited equipment to the U.S. or storage in Europe, shipment of personnel back to the U.S. and potentially separation

payments for some of these personnel, and preparation of European bases and facilities for closure. The timing of these requirements will depend on the speed of CFE implementation established when the treaty is signed, and is not yet known. While many of these costs will be offset by reduced manpower and operations costs for withdrawn forces, a very rapid implementation period could lead to a net increase in DOD funding requirements in the first year of implementation.

Drug Interdiction

Question: General Powell, during the past two years the Department's attitude toward drug interdiction has changed from reluctant participation to enthusiastic acceptance. The Fiscal Year 1991 budget request includes \$1.2 billion for these anti-narcotic efforts, but does not allocate funding between procurement of interdiction equipment and operating costs. Can you provide any more detail on the Department's 1991 drug interdiction program? How do you see the funding and interdiction activity divided between our major anti-drug units: the Joint Task Forces numbered 4, 5, and 6, and Southern Command?

Answer: The counternarcotics program for the Department of Defense involves a wide range of activities which support the three statutorily assigned missions and the President's National Drug Control Strategy. The Budget for the program in 1991 clearly reflects the priority that has been assigned to the program by the President and the Secretary of Defense.

The responsibility for the execution of the detection and monitoring mission has been given to certain unified and specified commanders in chief (CINCs). Counternarcotics funds will be allocated to support CINCs' plans to accomplish the mission within their specific areas. Funding will not be individually allocated to Task Forces 4, 5, and 6 but will be provided through their appropriate Unified Commands.

The Fiscal Year 1991 budget request includes 1.2 billion dollars for counternarcotics efforts. The tentative funding break-out by CINC is provided as follows:

SOUTHCOM	\$214.9M
FORSCOM	\$ 30.3M
LANTCOM	\$214.2M
NORAD	\$ 75.0M
PACOM	\$ 58.1M

These funds reflect support for detection and monitoring operations to be conducted by the CINCs. Amounts include OPTEMPO funds for flying hours and ship steaming days. These amounts are tentative because the program is under final development.

Question: Could you describe your views on what interdiction activities should be performed by the Department of Defense vis-a-vis the domestic Federal agencies such as the Customs Service, Border Patrol, and Coast Guard?

Answer: The Department of Defense is supporting the President's National Drug Strategy. This strategy attacks the drug problem across a broad front, to include demand reduction, interdiction, and supply reduction. DoD is particularly involved in supporting

the interdiction process by coordinating and conducting detection and monitoring operations and in supporting Host Nations in their efforts to curb the supply of drugs. The military is diligently supporting the interdiction efforts of the Customs Service, Border Patrol, and Coast Guard.

DoD is aggressively pursuing specific missions and responsibilities which include: (1) lead agency for aerial and maritime detection and monitoring, a component of interdiction; (2) providing assistance, logistical and operational support to drug law enforcement agencies and host nations; (3) implementing communications systems to support drug enforcement activities; and (4) conducting active efforts to collect and integrate drug related intelligence.

DoD is actively responding to LEA requests for operational and equipment support and is maintaining dedicated forces in all suspected trafficking areas. The key is that DoD is providing this support by performing tasks that military men and women are trained to do, while not getting involved in law enforcement activities, which they are not trained to accomplish.

Increased DoD Participation

Question: Do you think that increased Defense Department participation in the War on Drugs will make much of an impact on the use of illegal narcotics in the U.S.? How do you intend to measure the impact and effectiveness of DoD's counternarcotic efforts?

Answer: It should be remembered that DoD is supporting the President's National Drug Strategy. This strategy attacks the drug problem across a broad front, and incorporates demand reduction, supply reduction and interdiction. DoD is particularly involved in supporting the interdiction process by coordinating and conducting detection and monitoring and in supporting Host Nations in their efforts to curb the supply of drugs. Although the DoD's efforts alone will not win the war, DoD's efforts are an essential and important piece of an overall scheme.

Although the Department of Defense is new to this business, our participation is already making a real impact on the detection and monitoring of illegal narcotics transported into the U.S. The increased capabilities that DoD brought to this effort have forced drug runners to alter their routes and methods, delay and abort deliveries, and increase operating costs and exposure. Training provided to source country forces has helped these countries sustain their efforts directed against drug traffickers.

DoD's role in the counternarcotics mission should be judged by the quality and responsiveness of the support provided to the LEAs and Host Nations. DoD has effectively tied all participating agencies together with a secure data communications system and is

currently integrating intelligence data bases to provide accurate real time data. Additionally, DoD is responding to LEA requests for operational and equipment support and is maintaining dedicated forces in all suspected trafficking areas.

Question: General Powell, calls for major troop withdrawals from Europe and Far East are continuing. For example, former Defense Secretary James Schlesinger believes we can meet our security needs and remain engaged in Europe with only 50,000-75,000 U.S. troops on the continent. Do you think that reduction of the magnitude recommended by former Secretary Schlesinger would reduce our troops presence in NATO too much? If so, would you tell the Subcommittee why you think that is so?

Answer: Under current conditions, the 50,000-75,000 figure would reduce our troop presence too much. Levels are determined by requirements to support our commitments to our allies, particularly in NATO. As conditions change we, in consultation with our allies, adjust the troop level to meet the new requirements. In our most recent downward adjustment we arrived at a figure of 195,000 troops in the Central Region and another 30,000 on the flanks. We will continue to monitor the changing security environment and make any further adjustments as required.

TROOP CUTS IN NATO EUROPE AND ASIA

Question: After arguing against further reductions for months, the US quickly proposed cutting US troop strength in Europe from 275,000 to 225,000. That position has now been accepted by both NATO and the Soviet Union.

How was this new number arrived at, and what specific military capabilities will remain in Europe after this level is reached?

Answer: The number of 225,000 was arrived at by the President after consultation with Gen Galvin and me. As far as military capability, the current plan is to retain a robust Corps in Europe complete with appropriate air support.

Question: You have said the Soviets are implementing their unilateral reductions by reallocating equipment and making remaining units more capable. Presumably they will continue to follow this method as they implement any reductions resulting from the mutual arms control treaty.

What assurances can you give us that the United States will follow a similar method, as opposed to eliminating combat units in favor of retaining headquarters and support units having little residual or even potential military capability?

Answer: Numerous planning options outlining specific units or specific types of units to be retained and to be cut have been, and continue to be, developed. No concrete decisions have yet been made. However, the one thing I can assure you is that in every instance the maintenance of maximum US and alliance capability has been our top priority.

Question: In testimony before this Subcommittee last year, U.S. military leaders said that South Korean ground forces, assisted by U.S. airpower, clearly were capable of deterring or defeating the North Korean threat. Has this preponderance of power changed in the past year? If not, why can't the United States and South Koreans agree on a more significant reduction in U.S. ground forces in Korea.

Answer: An earlier statement that South Korean ground forces, assisted by U.S. airpower, were capable of dealing with the North Korean threat, notwithstanding, this does not necessarily imply a preponderance of power in South Korea. In fact, North Korea's armed forces are quantifiably superior to those in the South. As such, the South Koreans view the military threat from the North as high. The United States has recently announced the projected [deleted] reduction in its forces in Korea [deleted].

QUESTIONS SUBMITTED BY SENATOR BYRD

Global Overview and Impact of Gorbachev Initiatives and Eastern European Changes on Joint Chiefs of Staff Plans and Requirements

Question: U.S. military roles and missions have remained essentially unchanged for more than 40 years, although the situation in 1990 bears little resemblance to 1948. Interservice disputes about divisions of responsibility cause increasing contention. Whether the Army should continue to rely on the Air Force for close air support, for example, is debatable. Army and Marine Corps roles and missions associated with low-intensity conflict assume much greater importance as the likelihood of high-intensity conflict recedes. Respective service responsibilities in space overlap. What preparations has the Defense Department made to review and reshape military roles and missions so that they match emerging requirements in a rapidly changing world?

ANSWER: Actually, until 1989, the world situation continued to bear an amazing similarity to that of 1948: a balance between two super-power blocks who continually strove, especially through nuclear deterrence, to check the expansion of the opposing block. Only in the past year has that situation changed. In this short period we have seen the remarkable disappearance of the Soviet/communist block, seemingly before our very eyes.

Particularly noteworthy, however, is that one of the major catalysts in that change was the United States credible military deterrence which positively impacted the entire global environment. Taken in that context, the distribution of the roles and missions amongst the Services over the past forty years has been highly successful.

In response to the changes that have come about during the past year, the Defense Department has maintained its policy of continuously reviewing the assignment of roles and functions to the various Services; missions are assigned to CINCs along with the necessary forces to carry them out. It is through this orderly process, and through specific studies such as the recently completed "Report on the Roles and Functions of the Armed Forces" and the Congressionally directed "Close Air Support Study", that we review, analyse, reshape, and change the roles and missions of our armed forces so that they will match emerging requirements of a rapidly changing world.

QUESTIONS SUBMITTED BY SENATOR LEAHY

Cost of B-2

Question: Mr. Chairman, the cost of the B-2 program is going nowhere but up from its already astronomical figures. The June, 1989 program cost estimate of \$70.2 billion was based on Multi-year procurement funding levels of \$8 billion per year that Congress cannot possibly support. More slips mean more cost. The \$70.2 billion figure is a rosy estimate. Is this plane really going to be worth its cost.

Answer: The B-2 is well worth its cost. The B-2 with its low observable technology is the most effective means to modernize the bomber leg of the strategic TRIAD.

The money spent in capturing the state of the art technology associated with the B-2 is a prudent investment for the defense of this country. The development challenge is bounded and our confidence is high that the flight testing currently underway will validate the laboratory and modeling predictions for the aircraft. In addition, the production facilities and tooling are in place, ready to sustain an efficient production of B-2s. Currently, three aircraft have been delivered (two ground test articles and one flight test aircraft) and fifteen additional aircraft are in various stages of manufacturing.

With its revolutionary technologies, the B-2 will have the capability to hold at risk highly defended targets well into the 21st century. While the B-2 will be primarily a SIOP asset, it will have the capability to perform across the full spectrum of conflict, thus enhancing its cost effectiveness. The B-2 will be able to hold the entire range of non-time sensitive Soviet targets at risk and be recoverable and reusable in both SIOP and conventional scenarios. Additionally, the capability of real time, man-in-the-loop decision making on such a technologically advanced strategic system enhances the importance of the manned strategic bomber as the most flexible leg of the strategic TRIAD.

With its excellent penetration capabilities and increased aerodynamic efficiencies, the B-2 provides the mission planner with the flexibility to cover the target base more effectively and with fewer tankers than its predecessors.

When looking at the capabilities provided by the B-2, and the deterrent value of such a technological advanced bomber, the B-2 is well worth its cost.

Question: Mr Chairman, I understand the department of Defense has now completed an update of the June, 1989 figure to accommodate higher inflation levels, the Boeing strike and the FY90 slip. Are you ready to share these with us today? Can you provide them in an unclassified form?

Answer: The B-2 program cost is now estimated at \$75.6 billion. The \$70.2 billion program cost was current as of the last DAB in May 89, and is the last official baseline total. The primary reason for the increase is the application of new inflation rates which account for almost \$4 billion of the

increase. The new program cost estimate is \$44.4 billion in base year 1981 dollars. The original estimate was \$36.6 billion in base year 1981 dollars.

Question: Why have the detailed life-cycle costs for the B-2 bomber still not been declassified? Why do previous year production and R&D cost remain classified? What is the security concerns for keeping these figures classified?

Answer: The life-cycle cost for the B-2 is not classified. Life-cycle costs for the B-2 are changing at this time because the operational concept for the B-2 has been changed. Factors that will affect the new life-cycle cost include, for example, savings associated with increased use of simulators and trainers and the saving made possible by B-2 shelters. Total B-2 funding for Fiscal Years 1988 and prior years are also unclassified. However, the detailed breakout of B-2 funding for FY88 and prior years will remain classified to protect information that would reveal the scope and pace of Special Access Required (SAR) program other than the B-2 program.

Question. Mr. Chairman, the Department of Defense still needs to cut \$125 billion from its five year budget plan to meet the Administration goal of a two percent negative growth. When will we see these cuts and what will they be?

Answer. In April 1989, the President's five-year defense plan included modest real growth of 1 to 2 percent each year. Based on a careful assessment of the threats to U.S. security and the rapidly changing events in Eastern Europe, the President's FY 1991 budget includes a 2 percent annual real decline in defense budget authority for FY 1991 through FY 1995. This adjustment to the defense plan represents a \$167 billion reduction.

The magnitude of the reduction in the Defense topline for FY 1992-1994, coupled with the recent unprecedented changes in Eastern Europe and the Soviet Union, dictate a fundamental reexamination of the Defense program beyond 1991.

That review and decision process was begun last fall, even as events in Europe were occurring. The FY 1991 budget submitted to the Congress on January 29 reflects a number of program and force structure changes in response to these events. The budget also reflected large reductions associated with initiatives in the Defense Management Report, leaving \$114 billion in further adjustments required to meet the President's topline.

The most sensible approach is to reflect the programmatic decisions required to update the FYDP concurrent with the FY1992-1997 program review process over this year. Therefore, the outyear impact of the FY 1991 budget and management review will not be reflected in an updated FYDP until the Secretary is able to address all of the factors influencing the outyears, particularly the evolving international scene and the results of ongoing treaty

negotiations. The intention is to make all adjustments to the FYDP at the same time to reflect all actions taken to meet the revised topline.

Question: Mr Chairman, two reports Congress ordered on the B-2 are already overdue. The first document is an unclassified B-2 performance report that was due upon submission of the budget. The second is related to the extended warranty contract. When will the DOD deliver these reports to Congress?

Answer: The first report, the System Maturity Matrix, has been delivered to Congress. The System Maturity Matrix documents performance characteristics that must be demonstrated prior to each production milestone. The warranty report has been completed and is in final coordination. It will be delivered to Congress within the month.

Apache Performance

Question: Operation "Just Cause" in Panama appears to be a good example of the kind of conflict our forces are most likely to experience, particularly in light of the dramatic reduction in the conventional threat in Europe.

The AH-64 Apache helicopter is generally considered the best tank killer in the Army. Yet it was deployed to Panama in that lower intensity situation. What is your opinion of the Apache's performance in Panama and of its value, generally, in the new "low intensity," rapid deployment scenarios?

Answer: As you know, Operation "Just Cause" marked the first exposure to actual combat for the Apache helicopter since it entered service in 1985. The Apache's performance was absolutely superb during that operation. In addition to its tremendous tank killing capability, the Apache has several other unique capabilities that make it ideally suited for a wide range of missions involving low intensity warfare.

The helicopter provided a tremendous night fighting capability in the Panama operation. The weapon system provided invaluable close air support and suppressive fires that significantly contributed to minimizing U.S. casualties.

The operation in Panama is an excellent example of the versatility of the Apache and its performance speaks for itself. Under the demanding operational tempo which required mission rates of three times that of peacetime rates, the helicopter turned in a performance that exceeded the standards. The aircraft proved to be very supportable in the field resulting in every aircraft repair being accomplished within 24 hours.

Without a doubt, the Apache helicopter proved its value and versatility to perform in any scenario particularly, a low intensity conflict that requires supporting and suppressive fires.

QUESTIONS SUBMITTED BY SENATOR DeCONCINI

Question: The newspapers recently mentioned a new Defense Department report in which it was stated that the change in the threat assessment in the Persian Gulf is sufficient to allow reduction in the United States military presence in the region. Yet in your testimony today, you speak of the "enduring realities" of well-armed and hostile nations in the region. In light of the success of our operations in the region, and the continuing very real possibility for conflict there, is it wise to either reduce the US presence, or even talk about reducing it?

Answer: You are very correct in your statement that US policy in the Persian Gulf has been a success. Our actions in that vital region of the world over the past few years were very important: not only was our protection of shipping in the Gulf a critical service to those who needed it, but our determination to "go the distance" in that arena ably demonstrated US resolve to our moderate Arab friends in the region.

However, as time goes on, it is important to remember that the ceasefire between Iran and Iraq has remained unbroken, and that attacks on neutral shipping have ceased. Force levels in the Gulf have been and will continue to be based on the best estimate of the threat to US interests, and the interests of our friends and allies in the region. We constantly re-evaluate that threat and make adjustments accordingly. At the height of the Iran-Iraq war we had 28 ships in the Gulf, but now because of the reduced tensions we have only six combatants. We will not leave the area precipitously. We fully recognize and appreciate the hard-won goals we've achieved, and any future force changes in the region will be executed carefully and thoughtfully. There is no intention to abandon this region and a continued US presence in the foreseeable future is envisioned.

LANCE MISSILE IN EUROPE

Question: The FY 91 budget unveiled by the President last month includes approximately \$112 million for the Follow-On to the Lance missile. Under the current arrangement with our NATO allies, this modernized missile would be deployed in what is now West Germany in 1992. At the same time, Secretary of State Baker has appeared to concur in the West German assessment that the two Germany's will be reunified by the end of this year. If this is the case, then it would seem unwise to spend scarce dollars on upgrading a missile that the Germans would refuse to allow be deployed on their territory.

Given that it was a NATO Alliance decision, although a political one at the time, to deploy the missile in West Germany, under the new realities, what steps are we taking with our allies to agree not to build and deploy this new Lance missile? Will the Defense Department then inform Congress that the requested funds for FY 91 are no longer necessary?

Answer: The United States and its NATO allies reached a decision at the May 1989 Summit that a deployment decision on Follow-On to Lance (FOTL) would not be made before 1992. If the NATO decision is made in 1992 supporting FOTL deployment, actual deployment, which would be a phased introduction of systems over a number of years, would not begin before the mid-1990s.

We fully appreciate the complexities of gaining a favorable deployment decision on FOTL from our allies in 1992, particularly considering the dynamic events in Eastern Europe and the Soviet Union. However, in order to have an effective and survivable system on which to base a deployment decision in 1992, and in time to replace the obsolete Lance starting in the mid-1990s as the SACEUR has requested, the Army is currently ready to issue a request for proposals to industry. That is why there is a substantial increase in research and development funding for FY 1991 versus FY 1990. Reductions in the \$112 million for FY 1991 would delay the initial operational capability (IOC) date requested by the SACEUR.

Currently, we are not taking any steps with our allies to terminate the FOTL program. The decision by the NATO Alliance to defer a deployment decision until 1992 and other requirements outside of NATO mandate that the program remain in research and development. We have no plans to unilaterally terminate the program.

Former Joint Chiefs and the MX and Midgetman

Question: Your three immediate predecessors recently testified to Congress that, with the changes in the Soviet Union and Eastern Europe, there no longer remains a need for the MX rail garrison and Midgetman missiles as requested in the President's budget. Apparently, these men know these systems and have a good idea about their strategic necessity.

Knowing these individuals as you do, what is your response to their comments? What impacts, if any, have they had within the Administration as it continues with the START talks?

Answer: As a result of his National Security Review and consultations with Secretary Cheney, other senior advisors and members of Congress, President Bush decided to continue the two missile ICBM Modernization Program consisting of Peacekeeper Rail Garrison and Small ICBM. This decision was based, in part, on moving forward with ICBM modernization. I support this approach for the following reasons:

1. World events have not eliminated the formidable Soviet strategic nuclear threat to the United States; that threat is expected to become even more capable, although smaller under START. Soviet strategic force modernization will continue in order to maintain overall warfighting capability under START constraints.

[Deleted]

A Soviet START force in the 1990s will consist

[deleted]

In fact, we project that almost 50% of their ICBM force will be mobile. In addition, the

[deleted]

2. Whether to modernize the ICBM leg of the US Triad is not the issue. The need is clear: our current Minuteman systems were

deployed in the 1960's and 70's, using 1950's and 60's technology. The US has no mobile ICBM systems, while the Soviets are gaining operational experience right now with their fielded SS-24s and SS-25s. The issue is how to base a modernized US ICBM force to ensure survivability and strengthen strategic stability. The basic concern in Congress for over 10 years has been how to resolve the perceived fixed-silo vulnerability dilemma in an effective, timely and affordable way without sacrificing strategic stability. The President's two mobile ICBM program does this.

3. My former colleagues testified from their personal perspective. This differs from the current US government START negotiating position on mobile ICBMs. Our current position is based on last year's US decision to drop its mobile missile ban in conjunction with congressional funding of both mobile programs in the FY90 budget. This made a START agreement more achievable this year and sets the stage for a more balanced, stable US force vis-a-vis Soviet mobile ICBMs.

CFE TALKS AND TROOP REDUCTIONS

Question: In his State of the Union address, President Bush boldly called for a reduction of US and Soviet forces in Central Europe to 195,000 troops on each side. I applaud the President for taking this step, although I am certain there will be some in Congress who will seek to reduce our forces even further. How did you arrive at this total figure for Central Europe?

Answer: The number of 195,000 was arrived at by the President after consultation with General Galvin and me. This number allows us to retain a credible force, a robust corps with sufficient air support, while making significant force reductions.

Question: Are you at all concerned that this level may lock in a higher Soviet troop presence than the East Europeans may be willing to accept?

Answer: No. In the emerging situation in Eastern Europe, continued Soviet presence is more dependent on the consent of the East European states than on CFE treaty entitlements.

Question: Will the withdrawn US forces be demobilized or moved to the Reserves? If they are not demobilized, what steps are we taking to ensure they can be absorbed at home?

Answer: Planning encompassing the entire issue of restructuring forces in Europe to meet force levels of 195,000 in the Central Zone (to include Denmark), and 30,000 throughout the rest of Europe is presently being done in DoD and in EUCOM headquarters. Personnel, units and equipment removed from Europe will be deactivated by being removed from the force structure, returned to the US in either an active or reserve status or some combination of the above. Decisions to return units or personnel to CONUS are being driven by what the Services can program for retention in the force structure. Planning options for this likelihood are currently being developed.

QUESTIONS SUBMITTED BY SENATOR HARKIN

Question #1: Based up the DoD report "United States Expenditures in Support on NATO" from previous years, I understand that 60 percent of the U.S. defense budget is committed to or in support of NATO defense of Europe. Is 60 percent of the Fiscal Year 1991 budget request also in support of NATO?

Answer: DoD does not feel it is possible to provide a meaningful estimate of the amount we spend "for NATO", or "in defense of NATO", or "in the defense of Western Europe". One reason is that the bulk of our forces have worldwide missions, which make it impossible to separate out specific costs attributable to our NATO membership. In any major confrontation with the Warsaw Pact, all of our forces that could contribute would be made available, regardless of where they were deployed when the conflict broke out. And conversely, some of the forces that we have formally committed to NATO might be employed elsewhere, should a contingency arise at a time when NATO was not under attack. As a result, there is not NATO/non-NATO dividing line in the U.S. force structure, and accordingly, no meaningful way of separating out "NATO" from "non-NATO" costs. Moreover, all the money we spend to help defend our European allies is also spent to protect and defend the United States. The continued independence of Western Europe has long been considered vital to the security of the United States, and Europe is in a very real sense our first line of defense.

Notwithstanding the above, the Congress currently requires the Department to submit an annual report on the cost of fulfilling our commitment to NATO, using a specific formula to allocate the budget between the U.S. forces listed in our most recent response to the NATO Defense Planning Questionnaire (DPQ) and all other forces. This formula produces figures that usually fall into the 60% range. FY91 will not be an exception.

WARNING TIME

Question: I understand from newspaper reports that your Defense Planning Guidance suggests that it would be "imprudent" to base military planning on increased warning time as a result of the revolutions of 1989. Is the Fiscal Year 1991 budget request still predicated on warning time of Soviet attack against Western Europe?

Answer: Yes. However, the Department fully recognizes that under most postulated scenarios warning time will increase. An increase in warning time may translate to budgetary savings in the Fiscal Year 1992-1997 period if the political trends continue and potential treaty agreements actually take place. As has been stated previously, the Fiscal Year 1991 budget serves to prudently span this period of transition to what will hopefully be a transformed Soviet Union and Warsaw Pact. In that regard, it reflects a real decline of 2.6 percent over the previous year's request and begins a trend of managed reductions through Fiscal Year 1997.

Question: I am disturbed by the large increases in your request for strategic nuclear weapons systems. You and Secretary Cheney suggest that we must proceed with these new weapons because the Soviets are modernizing their nuclear weapons. How does Soviet modernization of their nuclear weapons hinder our ability to retaliate with submarine launched ballistic missiles or bombers on alert?

Or do you believe that 5,000 invulnerable SLBM warheads and thousands of bomber nuclear weapons is not enough to deter the Soviets, with or without Mr. Gorbachev?

Answer: The United States deters nuclear war by making it clear in advance that the costs of aggression far outweigh the gains. Credible strategic nuclear forces are the keystone of this deterrent strategy. Funding for strategic nuclear forces historically runs between 10 and 13 percent of the total defense budget; the Fiscal Year 1991 budget request continues this trend (11.5 percent). What we are buying for that money is the future credibility of our deterrence. The strategic balance between the U.S. and Soviet Union is dynamic. Today, the credibility of our deterrent force is particularly strong due to past commitments to modernize with PEACEKEEPER, B-1B, and TRIDENT D-5. But we see the Soviets continuing to modernize their strategic forces with two mobile missiles and a modernized version of the SS-18, two strategic submarines and associated ballistic missiles, and two new bombers. To ensure our deterrent force remains strong and credible in the future, even as we and the Soviets reduce the number of nuclear warheads under a START agreement, will require continued commitment to the deterrence strategy that has served us so well. To forego modernization now will mortgage our future, and perhaps deny us the ultimate goal that appears more achievable today than at any time since the end of World War II--a peaceful world with fewer nuclear weapons.

SUBCOMMITTEE RECESS

Senator INOUE. The subcommittee stands in recess until February 27, 1990, at 10 a.m., in room SD-192 of the Dirksen Senate Office Building. At that time we are scheduled to hear in open session from the Under Secretary of State for Political Affairs, the Honorable Robert M. Kimmitt. Secretary Kimmitt will address the foreign policy context of defense appropriations.

[Whereupon, at 11:48 a.m., Thursday, February 22, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, February 27.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, FEBRUARY 27, 1990

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:02 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Sasser, DeConcini, Bumpers, Harkin, Stevens, Garn, McClure, Kasten, and Rudman.

DEPARTMENT OF DEFENSE

FOREIGN POLICY CONTEXT OF DEFENSE APPROPRIATIONS

STATEMENT OF HON. ROBERT M. KIMMITT, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS

OPENING REMARKS OF SENATOR INOUE

Senator INOUE. This morning, the Subcommittee on Defense appropriations will receive testimony from the Honorable Robert Kimmitt, Under Secretary of State for Political Affairs, on the foreign policy context of defense appropriations.

Extraordinary changes have taken place on the world stage during the last 12 months, changes which were unthinkable when last we met, but which today form the basis of a new consciousness in international relations.

Dictators have given way to democratically elected leaders, central planning to market economies, the ideas of Marx and Lenin to those of Jefferson and Madison.

The heirs of those who once declared they would bury the West, are themselves today buried under a mountain of debt, antiquated technology, dilapidated infrastructure, toxic waste, and inferior consumer goods.

In short, the West and its values have been vindicated by history. It remains for us to prove, however, that we are worthy of the opportunity to build our world anew.

Every foreign policy opportunity, of course, brings with it a corresponding responsibility to ensure that service to others is carefully balanced against the welfare of our people and the need to maintain a sound, but prudently managed, Defense Establishment.

If there is one lesson which the cold war should have taught us, it is that national defense can be a double-edged sword. Invest our

national treasure wisely and our country prospers through increased growth, investment, and reduced indebtedness; invest too little, and we invite misfortune by eroding our capacity to deter aggression.

It is our task as custodians of the public trust to manage the resources of our Nation efficiently, and to do so in proportion to a realistic appraisal of the national security threat.

We are here today to examine that threat, and to review the challenges which will confront our foreign policy establishment in the months and years to come.

So, we are fortunate to have with us today a senior member of the administration and an expert in the field of international relations. Over the years he has demonstrated a keen understanding of the process of foreign policy decisionmaking and, in his present capacity as Under Secretary of State for Political Affairs, has provided invaluable service to the Department as an eloquent spokesman for the administration.

This morning the Secretary will help us to better understand how the State Department intends to manage the changes currently taking place in the politics of Europe, Asia, Latin America, Africa, and the Middle East.

He will address the relationship of our foreign policy to our military strategy and the role our global alliances will play in the 1990's to ensure a safe and prosperous future for our citizens.

In that context, this hearing will focus on the foreign threats, physical, socioeconomic, and political, which continue to demand our vigilance even at this time of hopeful change.

The physical threats include the continuing scourge of international terrorism, the illegal narcotics trade, regional conflicts, and the proliferation of chemical, biological, and nuclear weapons to unstable and irresponsible states.

These threats are closely tied to a host of socioeconomic concerns, such as poverty, malnutrition, and inadequate shelter which have the potential of causing widespread social unrest in countries which are important to United States national security interests throughout the developing world.

Finally, there are the political threats to our national well-being, which include the persistence of human rights violations, the spread of Islamic fundamentalism, and the agitation of militant nationalism.

This is a rather extensive list of the world's problems, but problems which, nonetheless, bear directly on the work of this subcommittee.

As we proceed with our deliberations over the fiscal year 1991 defense budget, I believe we must be cognizant of the affect our actions have on the lives of those who live far from our shores.

Mr. Secretary, we have received and reviewed your statement. I can assure you that it will be placed in the record in full. I wish to, on behalf of all of us, extend to you our welcome.

May I first call upon Senator Rudman.

Senator RUDMAN. I believe Senator Stevens is now here.

Senator INOUE. Senator Stevens.

Senator STEVENS. I came in late.

Senator RUDMAN. Well, I do not have anything to say, so I am happy to hear that. [Laughter.]

Senator STEVENS. I am pleased to see Mr. Kimmitt here. I was supposed to be in another meeting, and that has evaporated, so I am here with you this morning. And I am delighted to have you here.

Thank you, Mr. Chairman. I do not have anything further.

Senator INOUE. Thank you.

Mr. Secretary, then, you may proceed as you wish, sir.

SUMMARY STATEMENT OF SECRETARY KIMMITT

Mr. KIMMITT. Thank you, Mr. Chairman and members of the subcommittee.

Mr. Chairman, I agree with you that since I last appeared before the subcommittee, we have seen remarkable international changes with far-reaching implications for our defense and foreign policies.

I appreciate the opportunity to appear before you again to discuss these implications, and I again commend the subcommittee for its interest in viewing the decisions we will make on defense within the larger context of our foreign policy.

VALUE OF BIPARTISANSHIP

The dramatic events occurring in the Soviet Union and Eastern Europe are in no small measure the result of bipartisan policies pursued by successive administrations and Congresses over the last 40 years. These policies reflect our Nation's commitment to democracy, economic freedom, and respect for human rights.

I emphasize bipartisan because the record shows that unity of purpose between the branches of Government has been the key to progress. The administration and Congress must work together to ensure the continued success of our defense and foreign policies.

Our strategy of deterrence is based on collective security, forward defense, and flexible response. It has successfully countered a massive Soviet threat, and has enhanced stability around the world.

A strong defense remains vital. In combination with a sound economy, healthy alliances, and an active diplomacy backed by adequate intelligence resources, it forms the continued basis of our national security.

One measure of a superpower in the 1990's will be how well it meets the needs to restructure its overseas engagements to keep pace with international change. The key to minimizing problems as we adjust military expenditures lies in assessing the implications of defense budget decisions for foreign affairs. We must make needed adjustments in a way that enhances global stability.

Developments abroad will complicate this task. First, the shared security interests on which many of our defense relationships were based will become more diffuse. We will need to rethink and restructure these relationships.

Second, our interests require a global presence. We must preserve a military force and an alliance structure capable of flexible response and sustainable forward deployment. Adjustments in defense will shape and be shaped by these trends. And with this in

mind, I would like to comment briefly on the issues that our defense and foreign policy issues will have to address.

THE SOVIET UNION

First, the Soviet Union.

Several considerations should shape our future military needs in relation to the Soviet Union. First, changes in Soviet force structure, such as the unilateral cuts announced in December 1989, as well as the momentous changes in Eastern Europe, have made significantly less likely any Soviet offensive against Western Europe.

At the same time, however, the Soviet Union retains an immensely powerful military. And we have not yet seen changes in Soviet force structure in Northeast Asia comparable to those underway in Eastern Europe.

Soviet policies have changed in many areas, but Soviet military capabilities remain great. And a reversal in Soviet attitudes toward conflict and cooperation with the West cannot be ruled out.

Mr. Gorbachev's economic and political reform policies promise great reductions in the threat the Soviet military has posed to our national interests. He has made exceptional progress, and we hope his progress continues unabated.

However, Soviet conventional forces have become more efficient. And the modernization of their strategic forces continues. We have to budget against what their forces are, not what we hope they will become.

The apparent winding down of the cold war presents us with great opportunities to restructure our military, to reduce our expenditures, and to pursue new diplomatic initiatives designed to ensure future stability and security.

However, we must proceed with care. The Soviet Union retains the capability to destroy the United States and its allies, and given the historical record, we cannot be certain what Soviet policies will be as we move forward toward the end of the century.

Khrushchev's policies of political liberalization and military retrenchment in the late 1950's and early 1960's were quickly replaced by sustained military buildup.

We hope history will not repeat itself, because we want Mr. Gorbachev's reforms to succeed. But we must be prepared in the event his reforms do not succeed in producing a less threatening and more inwardly focused Soviet Union we believe he seeks.

ARMS CONTROL

The process of reform in the Soviet Union has created a unique opportunity to advance the arms control process. We must take advantage of this opportunity to negotiate effective, verifiable agreements that will firmly commit the Soviets to new, strong arms control regimes.

Careful agreements offer promising avenues to reduce risks and maintain security in Europe and elsewhere.

Our defense restructuring must be designed not only to meet U.S. security needs, but also to enhance our ability to negotiate effective arms control measures. Arms control negotiations have

great potential, but will require careful coordination of budget decisions with the negotiations.

PROLIFERATION

The sale of sophisticated arms technology is one of this administration's principal concerns. The spread of the technology needed for ballistic missiles and chemical, biological, and nuclear weapons has become one of the greatest threats to world peace.

The changing international climate has contributed to this development as the diffusion of technology has followed the diffusion of economic, political, and military power throughout the world.

Changes in Eastern Europe may hold important implications for proliferation. And we will need to pay careful attention to the development of arms sales policies in these countries, and encourage them to adhere to existing technology control regimes.

We have seen some encouraging signs in this regard, such as the recent Czech decision to cease exporting the plastic explosive Semtex.

Our principal tool in combating proliferation is an active diplomacy. The United States, in concert with its allies, is committed to building arms control regimes that will reduce the chances of proscribed arms spreading into the world's arsenals. We invite all nations to join us in these efforts.

TRANSNATIONAL ISSUES

Mr. Chairman, as you mentioned, new kinds of conflicts, state-sponsored terrorism, or narcotics trafficking, all pose problems that must be considered in any discussion of our military needs.

Drugs, in particular, are a clear and present danger to American society. Much of the solution to this problem lies in the arena of domestic policy, but active diplomatic and military components will be necessary.

The challenge before us is to continue to develop new methods to counter this international problem. The Department of Defense can assist friendly governments in narcotics-producing countries in their attacks on production. And it can play a crucial role in detecting and monitoring the transshipment of drugs by air or sea.

We are not seeking direct U.S. military involvement on foreign soil. Rather, the U.S. military can help equip and train host country forces and respond to other legitimate requests of the host government.

REGIONAL CONFLICTS

Even with the dramatic lessening of tensions of Europe, there remain areas of the world where a regional conflict still might lead to a military confrontation. Assistance, including modern arms, continues to flow to Soviet clients the world over.

Arms transfers in 1989 totaled \$16.5 billion. We estimate that Soviet economic assistance to the Third World totaled \$8.6 billion in 1989. Food aid alone, in 1988 figures, the last year for which we have data, totaled \$653 million.

The burden that these flows impose on the Soviet economy is not insignificant. And for the Soviets to continue to supply these nations is indicative of the Soviet desire to retain global influence, often by pursuing interests at significant variance to our own.

As a result of Soviet assistance programs, many heavily armed medium powers have appeared, some of whom are hostile to the United States or its friends in key regions.

Examples are found in the Middle East, where Soviet clients present a continued risk of instability. In North Korea, whose buildup continues to raise serious proliferation concerns. And in Central America, where Cuba continues to support violent anti-democratic groups.

Other regions face destabilizing conflict, including Afghanistan, Angola, Ethiopia, and Cambodia. In each case, massive Soviet aid is being expended to maintain in power regimes imposed on, rather than selected by the people.

The marked difference between the Soviet approach to regional conflicts and the Soviet approach to Eastern Europe becomes more apparent as each day passes.

One of our highest priorities is to close that gap, as well as the growing gap between arms control progress and regional conflict resolution.

FORWARD DEPLOYMENTS

In response to the Soviet challenge, the United States developed a global military structure of flexible, forward deployed forces, supported by a wide range of overseas bases.

Technological advances and political change permitted us to reduce the number and locations of our overseas bases, and now changes in the Soviet Union and Eastern Europe present us with yet another opportunity to reshape our overseas presence. Our budget constraints and host country political needs reinforce the call for further restructuring.

Adjustments to overseas basing must be approached in a careful manner, in close consultation with our allies, with a view toward maintaining stability and enhancing efficiency. The changing patterns of access and basing also put a premium on keeping U.S. military forces as mobile and flexible as possible.

Outside of formal alliances and permanent deployments, the temporary presence of U.S. forces advances our interests in many regions. They increase military cooperation and security ties, and reassure friendly countries of our commitment to their security. They support our diplomatic efforts and enhance U.S. prestige and influence.

Fewer temporary deployments, combined with a fall in the foreign assistance budget, would diminish U.S. influence in many areas of the world.

We should also be mindful of the experiences in the past. Our traditional aversion to large-standing armies makes the United States quick to cut forces. Twice in this century we have paid dearly for such cuts when they lead to disengagement from our international responsibilities.

In the interwar period and in the years between World War II and Korea, the United States made changes in its forces that could not be rapidly reversed. The temptation will be to dismantle the security system that has served us well, even as the risk to global stability remains great.

While we can restructure our defense plans to take advantage of opportunities wrought by change, we must maintain the capabilities needed to ensure stability in this era of change.

Our goal must be to maintain a defense posture that capitalizes on new opportunities to restructure our military forces, while preserving those elements that would be hardest to restore.

We must continue to field conventional and strategic forces sufficiently powerful and appropriately structured to meet a wide range of future needs.

The United States must be prepared to maintain a strong diplomatic, economic, and military presence in those regions where we have important concerns. Our broad national objectives remain unchanged: to deter military attack against the United States, allies or friends, and to encourage political reform and liberalization.

We believe that the combined efforts of Congress and the administration to preserve this presence in an era of fiscal constraints will allow us to reap the benefits of peace, while ensuring that the United States retains the ability to defend its interests around the world.

Our decisions must continue to be guided by those principles on which our Nation is built: democracy, economic freedom, and the respect for human rights. Similarly, we should continue to be guided by the underlying strategy of deterrence that has defended and advanced these principles so well: collective security, forward defense, and flexible response.

These principles remain vital to our national security, and offer the best hope for transforming our present hopes into a future reality.

Thank you, Mr. Chairman. I would be pleased to take your questions.

[The statement follows:]

STATEMENT OF HON. ROBERT M. KIMMITT

Mr. Chairman, members of the subcommittee, in the months since I last appeared before the subcommittee we have seen remarkable international changes with far-reaching implications for our defense and foreign policies. I appreciate the opportunity to appear before you to discuss these implications, and I congratulate the subcommittee for its interest in viewing the decisions we will make on defense within the larger context of our foreign policy. I would ask that my complete statement be entered into the record.

The dramatic events occurring in the Soviet Union and Eastern Europe are in no small measure the result of bipartisan policies pursued by successive Administrations and Congresses for the last forty years. This success reflects the fundamental principles upon which our policies are based. A commitment to democracy, economic freedoms and respect for human rights has guided our effort. I emphasize bipartisan because the record shows that even in the face of the most complex challenges, unity of purpose between the branches of government has been the key to progress. The Administration and Congress must work together in continuing to chart the course of our military and foreign policies to meet these new challenges.

Our strategy of deterrence is based on collective security, forward defense, and flexible response. It has successfully countered a massive and global Soviet threat and has enhanced stability around the world. A strong defense remains vital for the

United States and our allies. In combination with a sound economy, healthy alliances and an active diplomacy backed by adequate intelligence capabilities it forms the continued basis of our national security.

The mark of a superpower in the 1990's will be how it meets the political challenge posed by international change to restructure its overseas engagements. The key to minimizing problems as we adjust our military expenditures lies in assessing the implications of budget decisions for foreign affairs. Our task is to make needed adjustments in a way that enhances global stability.

Developments abroad will complicate this task. First, the shared security interests which formed the basis of many of our defense relationships will become more diffuse; we will need to rethink and restructure these relationships. Second, while we will want to take advantage of opportunities to restructure our forces, our interests overseas require that we preserve a credible military force and an alliance structure capable of the flexible response and sustainable forward deployment needed for a global presence. Adjustments in defense will shape and be shaped by these larger trends in our foreign relations. Our defense efforts and our foreign relations are thus closely related, and I would like to comment briefly on the issues which our defense and foreign policies will have to address: the Soviet Union, arms control, transnational threats, regional conflict and forward deployment.

THE SOVIET UNION

Several considerations should shape our thinking on our future military needs in relation to the Soviet Union. First, the Soviets are making some changes in their force structure such as the unilateral cuts announced in December 1989. Moreover, changes in Eastern Europe have immeasurably increased the difficulties any Soviet offensive against Western Europe would face, and the Warsaw Pact as an alliance may no longer possess an offensive capability, especially in regard to a "short warning" attack. At the same time, the Soviet Union retains an immensely powerful military. Soviet policies have changed in many areas, but Soviet military capabilities remain strong. There is also the potential for a reversal in Soviet attitudes towards conflict and cooperation with the West.

Mr. Gorbachev's economic and political reform policies promise great reductions in the threat the Soviet military has posed to our national interests. Mr. Gorbachev has taken incredible strides in a very short time, and we can hope to see more change if his progress remains unchecked. However, the Soviets still maintain high levels of conventional forces. While there have been some reductions, the changes they have undertaken have made these conventional forces more efficient and more lethal. The Soviets continue the modernization of their strategic forces. We have to budget against what their force are, not what we hope they will become.

The apparent end of the Cold War presents us with great opportunities to restructure our military, to reduce our expenditures and to pursue new diplomatic initiatives. However, we must proceed with care. The Soviet Union remains the only nation with the capability to destroy the United States and its allies. The record of the Soviet and Russian history over the last century shows a strong ambivalence about good relations with the west, marked by both oscillation and sudden change.

Seismic political events in the Soviet Union appear to have occurred roughly every twenty years in this century. The Stolypin reforms and violent upheaval of the early 1900s, the trauma of world war and revolution, the purges and global conflagration the "thaw" of Khrushchev and the dynamic changes provoked by perestroika and glasnost are all part of this. Soviet policies over the years have oscillated back and forth between reform and reaction. They have ranged from War Communism and the New Economic Policy (NEP), from NEP to Collectivization and the Purges, and from there to the abortive economic reforms of the late fifties and early sixties. That period of reform gave way to what the Soviets now call the period of *zastoya*—stagnation.

Given the historical record we cannot be certain what the Soviet Union will look like at the end of the century. Dramatic reversals are possible. Khrushchev's policy of political liberalization and military retrenchment was quickly reversed and replaced by sustained military buildup. We hope that history will not repeat itself, and we want and hope that Mr. Gorbachev's reforms will succeed, but this cursory account should serve to remind us of the difficulties of predicting the Soviet future.

The question before us is how Soviets will rebuild their society. A Soviet Union with the same level of military forces but without real political reform, would not necessarily be a force for stability. This is true even if the Soviets abandon their ideological underpinnings. It is not clear that Mr. Gorbachev will be able to contin-

ue to balance the pressures of economic reform, political change and military restructuring, and it is only prudent for us to remain prepared in case he does not.

ARMS CONTROL

The process of reform in the Soviet Union has created a unique opportunity to advance the arms control process. Economic needs and political desires have made arms control measures more attractive to the Soviets. We must take advantage of this opportunity to negotiate effective, verifiable agreements that will firmly commit the Soviets to new, strong arms control regimes.

Carefully designed arms control agreements offer promising avenues to reduce risks and maintain security in Europe and elsewhere. Our defense restructuring must be carefully designed not only to meet U.S. security needs but also to enhance our ability to negotiate effective arms control measures. Changes in strategic modernization programs could complicate negotiations of the START agreement. Reductions in conventional forces, if made unilaterally, could undercut our position in CFE. Arms control negotiations have great potential to increase stability, reduce risk and strengthen security, but this will require close coordination of budget decisions with the progress of negotiations.

PROLIFERATION

The sale of sophisticated arms technology has become one of the principal concerns of this administration. The spread of the technology needed to build and use ballistic missiles, chemical, biological or nuclear weapons is one of the greatest threats to world peace and to the security of the United States and its allies and friends. The changing international political climate has contributed to this, as the diffusion of technology has followed the diffusion of economic, political and military power throughout the world.

The changes in Eastern Europe may hold important implications for proliferation. Arms sales are lucrative. Regional arms industries are advanced. While the bulk of East Bloc arms sales were coordinated under the Warsaw Pact; this may no longer be so. We will need to pay careful attention to the development of independent arms sales and technology transfer policies in these countries, and encourage them to adopt responsible sales policies and to adhere to existing technology control regimes. We have seen some encouraging signs in this regard, such as the recent Czech decision to cease exporting the plastic explosive Semtex.

Our principal tool in combatting proliferation is an active diplomacy. The United States, in concert with its allies, is committed to building arms control regimes that will reduce the chances of advanced weapons or weapons technology falling spreading into the arsenals of the world. We invite all nations to join us in these efforts.

TRANSNATIONAL THREATS

One result of the era of change we live in is that new kinds of conflicts have arisen. These "transnational" conflicts are not between nations, but between groups and nations. They are not wars, but they have the potential for great violence and destabilization. State-sponsored terrorism, and narcotics trafficking pose security problems for the U.S. and must be considered in any discussion of our military needs.

Drugs are a clear and present danger to American society. Much of the solution to this problem lies in the arena of domestic policy, but active diplomatic and military components will be necessary for any lasting solution. We must work closely with friends in this hemisphere, whose own countries are being torn apart by drug violence, to stem the flow of illegal narcotics.

The challenge before us is to continue to develop new diplomatic and military methods to counter this international problem. The Department of Defense can assist friendly governments in narcotics-producing countries in their attacks on production, and it can play a crucial role in detecting and monitoring the transshipment of drugs by air or sea. We are not seeking direct U.S. military involvement on foreign soil. Rather, the U.S. military can help equip and train host country forces to isolate coca-growing areas, interdict shipments of precursor chemicals and cocaine and attack the laboratories where cocaine is produced.

REGIONAL CONFLICTS

A lessening of tension between the Soviet Union and the United States will not in itself lead to the resolution of regional conflicts. Indigenous factors—often beyond U.S. or Soviet control—will affect the course of such conflicts. As wealth and power

continue to diffuse, and as sophisticated arms became available to irresponsible governments, the potential for regional conflict outside of the Soviet-U.S. rivalry has grown. In a multipolar world, U.S. interests and military needs can no longer be defined in a bipolar context. The threats to our interests will come from a number of sources. Instability and regional conflicts in the third world will pose an extensive threat to U.S. interests for the foreseeable future.

Part of the danger of these conflicts lies in the potential they still have for a U.S.-Soviet confrontation. It is more likely in the future that any such confrontation would occur in the political rather than the military arena, but there are several areas of the world, most notably the Middle East, where a regional conflict could still lead to a military confrontation.

While we have seen some helpful changes in the Soviet approach to some regional conflicts, more "new thinking" is still needed in Moscow's third world policy. Modern arms continue to flow to Cuba, Syria, and others. The burden these flows impose on the Soviet economy are considerable, and that the Soviets continue to arm these nations is suggestive of the gap that still remains between our interests and theirs in many areas of the world.

Despite their economic problems, Soviet economic assistance to the third world in 1989 totalled \$8.6 billion. Food aid alone totalled (in 1988, the last year we have figures for) \$653 million. Arms transfers in 1989 totalled \$16.5 billion. These aid flows are indicative of the Soviet desire to retain global influence, and the arms transfers have helped to fundamentally shift the balance of power in many regions of the world. The last two decades has seen the rise of heavily armed regional powers, some of whom are hostile to the United States and whose forces could pose a significant challenge in the short run. Examples include:

In the Persian Gulf, an area of vital national interest, there is a continued risk of instability. In the event of a new challenge to the security of our friends, our ability to project force could again be tested.

On the Korean Peninsula, North Korea has continued to build its military forces. There are serious proliferation concerns regarding North Korea. There has been no sign of glasnost in Pyongyang, or even de-Stalinization. The chance for conflict remains high in an area of vital importance to the U.S.

In South Asia, the conflict in Afghanistan continues, and border incidents such as the recent events in Kashmir show the continuation of historic tensions. The proliferation of ballistic and other weapons technologies in the region has increased the potential costs of conflict there.

In Latin America, Cuba continues to support violent, anti-democratic groups such as the FMLN of El Salvador. The U.S.S.R. has continued to supply Cuba with large amounts of military aid, including advanced MiG-29 aircraft in 1990.

Other regions face potentially destabilizing conflict, be they El Salvador in Central America, Angola, Ethiopia, Cambodia or even Eastern Europe, where traditional rivalries have resurfaced. U.S. assistance and influence can help reduce the spread of such conflicts and contain hostile regional powers, and it remains in our interest to do so.

A number of insurgencies, such as in the Philippines or Peru, also pose a threat to U.S. interests. The root of insurgency is political, and our efforts include not only buttressing the military capability of friends under attack, but encouraging them and providing the resources to strengthen democracy in their countries. Progress is slow in such conflicts, but our continued political, military and economic support is essential for restoring peace and stability.

FORWARD DEPLOYMENTS

In response to the Soviet challenge, the United States constructed a global military structure of flexible, forward deployed forces supported by a wide range of overseas bases and facilities. As technological advances and political change have permitted, we have reduced the number and locations of our overseas bases. The changes in the Soviet Union and Eastern Europe may present us with another opportunity to reshape our overseas presence. Our budget constraints, and host country political needs reinforce the call for further restructuring.

Adjustments to overseas basing must be approached in a careful manner, with a view towards enhancing efficiency, and in close consultation with our allies. In some cases where access to overseas bases declines, we will want our military and foreign policies to be supple enough to allow us to take advantage of opportunities to gain access to useful new facilities. The changing patterns of access and basing also puts a premium on ensuring that U.S. military forces are as mobile and flexible as possible.

Outside of formal alliances and permanent deployments, the temporary presence of U.S. forces advances our interests in many areas of the world. They enhance military cooperation and security ties, and offer assurances to friendly countries of the U.S. commitment to their security. They help support our diplomatic efforts and enhance U.S. prestige and influence. Fewer temporary deployments, when combined with a falling assistance budget, could diminish U.S. influence in many areas of the world. Temporary deployments to countries in the Persian Gulf, in Latin America and in Southeast Asia have all been of great benefit to U.S. interests.

It is in our interest to continue our policies of alliance and defense cooperation for deterrence and for regional stability and peaceful progress. We must work to underline the permanence of the U.S. force presence overseas, including ground forces in Western Europe and North Asia. U.S. forces are the final guarantee of regional stability in many areas vital to the U.S. As our interests in these regions grow, as tensions in Europe continue to decline, and if relations with the Soviet Union continue to improve, regional stability will grow in importance as a mission for the U.S. forward deployed military presence.

As we consider the foreign policy implications of defense allocations, we should be mindful of the experience of earlier eras. Our traditional aversion to large standing armies makes the U.S. quick to cut its forces when the battle is over. Twice in this century we have paid dearly for such premature cuts when they led to disengagement from our international responsibilities. In the interwar period, and in the years between World War Two and Korea, the United States made changes in its forces that could not rapidly be reversed.

The risk remains that if we miscalculate the amount and pace by which our defense budget can be reduced, a similar price will have to be paid in the future. The great temptation will be to dismantle the security system that has served us so well for the last four decades. Disengagement would be a terrible error. Great risks remain, and while we can restructure our defense plans to take advantage of opportunities for savings, we must maintain the capabilities needed to ensure our interests in an era of change. Preservation of these military capabilities is fundamental if progress towards democracy and a more secure world is to continue.

The great international problem of the interwar era was the rise of fascism, and the expansionism of Germany and Japan. These countries are again powerful but, in contrast to this earlier period, political or military conflict with them is inconceivable. There is economic competition, but because of the values we now share with them and the web of ties we have established as part of our continued engagement with them, we need not fear that we will again become enemies. One of the most tantalizing prospects we face today is the potential for a similar transformation of Soviet political values that would make it possible to build the same sort of stable peace with the U.S.S.R.

With this in mind, our goal must be to design a defense posture that capitalizes on new opportunities to reassess and reduce our military forces while preserving those elements of which would be hardest to restore. We must continue to field conventional and strategic forces sufficiently powerful and appropriately structured to deter conflict and meet a wide range of future needs. Our broad national objectives remain unchanged: to deter military attack against the U.S., allies or friends, and to encourage political reform and liberalization.

The United States must be prepared to maintain a strong diplomatic, economic and military presence in those areas of the globe where we have important concerns. We believe that the combined efforts of Congress and the administration to preserve this presence in an era of fiscal constraints will allow us to reap the benefits of peace while ensuring that the U.S. retains the ability to defend its interests around the world.

Our decisions must continue to be guided by those underlying principles on which our nation is built: democracy, economic freedoms and respect for human rights. They are the foundation of the success which now affords us the opportunity to adjust our defense posture. Similarly, we should continue to be guided by the underlying strategy of deterrence which has defended and advanced these principles so well: collective security, forward defense, and flexible response. They remain valid components of our national security and offer the best hope for transforming our present hopes into a future reality.

Thank you.

SOVIET THREAT

Senator INOUE. Thank you very much, Mr. Secretary. In reading your statement, I think it is correct that you feel our military

presence in NATO is still necessary because of real or potential Soviet threat. I think most of us here would agree to that.

However, in your statement you also suggest that it is inconceivable that we would enter into any sort of conflict with a reunited Germany or rearmed Japan. There are many who suggest that our presence in Asia and our presence in Europe is necessary because many of our friends look upon a reunited—militarily and economically reunited Germany and a militarily stronger Japan is a threat.

Whether it is real or perceived, they look upon it as a threat. Do you believe that our presence in these two places is necessary to maintain stability?

Mr. KIMMITT. I think that our presence, in both locations, Europe and Asia, is necessary to maintain stability.

We are mindful of the concerns that you mentioned on the part of our allies and friends, and even if we might not necessarily share their assessment based on historical opinions, nonetheless, I think we do share the common view that a U.S. presence in both locations is important to the continued stability of those regions and will help us avoid some of the mistakes of the past.

JAPANESE POWER PROTECTION

Senator INOUE. We have been advised that Japanese defense planners have been seriously considering acquiring aerial refueling aircraft and aircraft-capable vessels. These two items would suggest power projection. Does this concern you?

Mr. KIMMITT. I am not aware of those particular reports, Mr. Chairman. I think that the foundation of our strong relationship with Japan is the security relationship. I think we have a very open and active dialog with them about the appropriate roles each country would play as part of that relationship, and these issues were discussed by Secretary Cheney in his most recent visit to Japan.

I think we have a clear understanding with them on that subject. Again, I am not aware of the particular facts that you bring up in this circumstance, but it seems to me that of real significance right now is a different form of power projection on the part of the Japanese, and it is a power projection that I think serves our mutual interest, and that is using the rather considerable economic power that they have to assist in the institutionalization of democracy in places as disparate as the Philippines, Eastern Europe, Mexico, and Panama.

If you take a look at the large commitment that they have made to democracy in the Philippines, the commitments made during Prime Minister Kaifu's recent visits to Eastern Europe, the commitment to the Mexican aid program and very real discussion that is taking place in Japan right now on what should be an appropriate level of assistance to Panama, it seems to me that we do see a Japan that wants to be engaged globally, but I think in a peaceful, very constructive way that promotes, again, democracy and open market systems.

UNITED STATES-PHILIPPINES BASES

Senator INOUE. I personally agree with you that our presence in Asia still exists—the justification for such. However, it would appear from reading the front pages of our newspapers that this may become a major problem.

For example, in recent days Mrs. Aquino has made it rather clear that she did not agree with some of our policies and refused to see our Secretary of Defense. There are many experts in the United States who are suggesting that it is not whether, but when, we will be leaving the Philippines.

Do you, as a major participant in these negotiations, feel that it is possible for the United States to enter into a long-term agreement with the Philippines on the bases?

Mr. KIMMITT. I think it is possible, Mr. Chairman. I think it is something, as Secretary Baker said in his most recent testimony, that must be based on the mutual interests of the two countries. We think the bases serve United States interests, but they also serve Filipino interests, and they serve our joint interests in the region.

I think that it is possible and I think that we will move to begin talks with the Filipinos later this spring on that subject, and I would hope that both of us go into the negotiation with the goal of trying to find a mutually reinforcing solution, and so I certainly think that it is possible and I think that certainly should be our position going in.

Senator INOUE. Is the Philippine Government demanding more than just best efforts on our part on the matter of economic assistance?

Mr. KIMMITT. I think right now they would like to see, under the existing agreement, best efforts defined as the levels of aid that they had anticipated both in terms of economic and military assistance. We were not able to meet the goal that we had set because of worldwide budget stringencies. I think, again in the near term, they would like to focus on getting back up to that level.

I would imagine, although we have not seen anything to suggest what their negotiating position would be and would not expect to at this point, that given the experience under the current best efforts pledge that they would try to get something more definite in a future agreement, but again, I think that is something to be left to the talks.

Senator INOUE. Am I correct to assume that we have made contingency plans if we were asked to leave?

Mr. KIMMITT. I think it is a question I would probably refer to the Defense Department in terms of the military contingency aspects, but I think that any time you enter into a negotiation, be it in the Philippines or elsewhere, you have to determine what your posture would be if you do not get all that you are seeking in that negotiation, so there certainly has been some thinking done in that regard.

But again, I think that our goal remains, and our hope remains, that we can work out an acceptable agreement with the Filipinos, again one that serves our mutual interests.

NATO PROGRAMS

Senator INOUE. There are two items on our agenda on which we will have to make decisions—the Follow-on to Lance missile and the F-16 transfer from Spain to Italy.

Now, these decisions were rather controversial in NATO. It is very expensive, and it seems to be greeted by indifference or negative reactions by important allies. Do you think that we should look upon these things favorably, or do you believe that the events justify a change in decisions here?

Mr. KIMMITT. I think that they should be looked upon favorably, Mr. Chairman. I say that because, of course, when the final budget decisions were made in a time, as you know, of real budget stringencies, it was the decision of the President, based on recommendations from his key advisers, including the Secretary of Defense and the Secretary of State, to move forward on both of these programs.

Therefore, I am certainly here to continue support for those programs, again noting that, when we made the decision to go forward, it was on a full understanding of what had happened since we were up here last year on those same programs. Both those issues, as you suggest, Mr. Chairman, were addressed in the NATO context.

They were not easy decisions, neither one of them, but an appropriate solution was worked out to both and I think that the administration's request for funding, both for the transfer from Spain to Italy of the F-16 wing plus the Follow-on to Lance are consistent with NATO decisions, and again were deemed by the President to be the appropriate request at this point with regard to both programs.

Senator INOUE. This position will still stand, notwithstanding voices from West Germany telling us that the Follow-on to Lance missile will never be deployed. I think the facts would now indicate to us that the Italians find it very difficult to present to us a timetable?

Mr. KIMMITT. I think you pointed out some of the difficulties. Certainly we have heard some of those same voices too, Mr. Chairman. But again, we have both individual understandings, but more broadly, NATO agreements on each of those, and I think that it would have to be an alliance decision to change either of the approaches that we are pursuing right now.

To the best of my knowledge there has been no recommendation, either by Italy, Germany, or anyone else in the alliance, to go back on the decisions that were made last year that undergird the requests that we have made.

I will be frank though, Mr. Chairman, this is a topic that we need to stay in close contact with you on, because it is a dynamic situation in Europe, in NATO councils and so forth.

I think you have put your finger on two of the more sensitive NATO issues, but at this point I think we would like to continue on the basis of the agreements that were reached and the consensus that was reached inside NATO in large measure because I think NATO is important to collective security in the future.

I think that we should pay special heed to decisions that were arrived at after intense deliberations inside NATO, and I do not

think we should change them precipitously or unilaterally, and I think that is where we are on both these programs.

Senator INOUE. I have many other questions, Mr. Secretary, but I will wait until the second round. May I now call on the senior member, Senator Stevens.

U.S. PRESENCE IN THE PACIFIC

Senator STEVENS. Thank you, Mr. Chairman.

Mr. Secretary, being provincial and from the Pacific area, I am most concerned with the fact that conditions in the Pacific are not changing. We see this rapid change in the European theater and in the area that NATO abuts, but I do not perceive changes in tension in the Pacific coming in the same way.

Now, we know that Mr. Gorbachev will visit Tokyo this next year, and we have still have a considerable Soviet presence in the Pacific. We maintain our own presence. The one in the Philippines is in jeopardy. There are Members of the Senate that want to remove the forces from Korea. The Japanese—presence of the 7th Fleet seems to be in some question.

What do you see in terms of the State Department's perspective of the future role of the U.S. presence in the Pacific as being essential to maintaining peace and stability there?

Mr. KIMMITT. I think you have answered the question, Senator Stevens, in that we see a continued U.S. presence in the Pacific as being an essential component to our overall strategy of deterrence, which includes as a significant component of it a forward-basing strategy.

We are a different geographical country than is the Soviet Union. We are a two-ocean country. We have interests in the Pacific as well as in the Atlantic. I think we have to be mindful of the fact, as I mentioned earlier, that we have not seen the same kind of change with regard to Soviet force structure particularly in Northeast Asia that we are starting to see in Europe, and I think that we have to plan accordingly, and I think that plan would include an appropriate U.S. force structure and a mix of air, land, and sea forces in the Pacific for some considerable time to come.

I think on his most recent visit, when Secretary Cheney was out there, he discussed in all three countries you just mentioned—Korea, Japan, and the Philippines—restructuring of United States forces to meet current realities and to include the need for more efficiency and so forth in our forces, but he made quite clear that our commitment for deployment and a United States presence in the Pacific remains, in our view, an essential element to peace and stability in that important region.

I would also think, stepping back a little bit from it, if you take a look at what Secretary Baker has been saying since his days at Treasury, and he has continued those discussions at State, we are trying to give substance to our statements that the United States is a Pacific as well as an Atlantic nation, and even as we seek to deepen our ties with friends in Europe in this era of change, we are looking for ways to forge even closer relationships in the Pacific.

One way that we are trying to do this is through this Asian Pacific economic cooperation model. We have had a series of discus-

sions already. There will be another set of meetings this year, and I think that one of the ways that we are taken into account by those nations is by recognizing that the strong security foundation that we have had in Asia gives us a special place of prominence, and I think that we would want to hold on to it, then, both for the deterrent reasons that I have mentioned but also for political and economic reasons.

Senator STEVENS. I was struck last night by looking at the newest edition of one of the national magazines that had the imperial double eagle from the German Empire on its front page and the indication that we were going to be willing to accept, now, the reemergence of a united Germany as a superpower militarily as well as economically.

JAPANESE PRESENCE IN THE PACIFIC

What are the State Department's views about accepting Japan, now, as a military power in the Pacific? We know it has strong economic ability in the whole region. Are we prepared, now, to accept Japan's reemergence as a military power in the Pacific?

Mr. KIMMITT. Of course, this follows up on the Chairman's question. Again, I would go back to the point that we have, as the foundation of our relationship with the Japanese, our security relationship.

We have a number of mechanisms in which we discuss with them what our appropriate role should be and the appropriate roles of others in the Pacific. I think there is an important defense capability role that the Japanese should play in the Pacific, and right now I think on the basis of the discussions we have had with them we think it is an appropriate, mutually reinforcing role.

Senator STEVENS. Well, if the Soviet presence in the Soviet Far East and the Pacific does not increase, is there a reason for an increasing Japanese military presence in the Pacific?

Mr. KIMMITT. In other words, you are positing that the Soviet threat does not increase and it might start to abate over time?

Senator STEVENS. I take it that is what the purpose of Mr. Gorbachev's trip is—to reassure the Japanese that they are not going to increase their position in the Pacific. You are right, I am positing they will not increase.

They may even reduce their presence in the Pacific somewhat in this period of readjustment, and if that is a safe assumption, is there any reason for the Japanese to now come forward and increase their military presence in the Pacific?

Mr. KIMMITT. Well, again, I think we would want to have clear understandings with the Japanese on the appropriate military force levels and structures that we both would have in the Pacific and that others—the Koreans and others—would have in that part of the world to meet the threat.

Now, I think that we have that appropriate mix right now. I do not see any need to alter it significantly. I think we would have to adjust according to the threat that we see in the future, and I think what you are positing is a threat that is not more significant than it is today.

I would not, on that basis, see the need for any increased force level or structure on the part either of the United States or the Japanese under that circumstance. I think we have got a good mix now, but I think as your opening comments made clear, Senator Stevens, we are not seeing the kind of changes on the part of the Soviet Union yet in Northeast Asia that we have seen in Europe, and, therefore, I think it is important for all of us in the Pacific—the United States, Japanese, Koreans, and others—to maintain an effective force structure, an effective mix of both men and equipment.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator Rudman.

Senator RUDMAN. Thank you, Mr. Chairman.

NATO PROGRAMS

Mr. Secretary, just a couple of brief questions. I want to follow on the Chairman's discussion with you about the new weapons policy programs for NATO, Lance in particular. I have been attending many of the NATO meetings, attended the Wehrkunde conference last month trying to understand the dynamics of what is going on. For the life of me I do not understand the Lance debate at all, and I would like you to maybe explain it to me.

Let me tell you why I do not understand it. I think you would agree that unification of Germany is only a matter of time. My own sense after being in Munich last month is that it is going to come sooner rather than later.

The Lance becomes an intra-German missile. It is a missile which can be fired from West Germany and destroy Leipzig or, if you prefer, anything along the Oder-Neisse line.

Does anybody in the State Department, the Defense Department, the National Security Council, or some other think tank I do not know about really think the Germans are going to accept a missile which can be only fired from German soil to hit German soil? I want you to answer that for me because I do not understand why we are being asked to appropriate money which we do not have and could be better used for things other than the Lance missile. This almost seems like an absurdity. The whole Lance debate is like a French farce. So, you tell me why we would consider it at all, or why we should not just junk it.

Mr. KIMMITT. Well, I think the reason, Senator Rudman, that we have the request here is that I think the situation that you are positing—and correct me if I am wrong—was a united Germany with Soviet forces off its soil?

Senator RUDMAN. On or off, take it either way.

Mr. KIMMITT. Well, I think the reason that the request came up the way that it did was that we have had really a winning formula in Western Europe in military strategy terms since the close of World War II. It is one that has kept the peace in Europe an uncommonly long time.

We would like to think that it helped provide the foundation not only for the rebirth of Western Europe, but for some of the changes that we are seeing underway right now in Eastern Europe and be-

cause of the imbalance in the Soviet force structured as compared to NATO's in central Europe and because of geographical considerations, especially the proximity of the Soviet Union to the forward edge of the battle area, there was a belief that if we were going to have U.S. forces there, it should be an appropriate mix of conventional and nuclear forces, and that the nuclear forces would be a mix of tactical and strategic.

I think that situation still exists today as we sit here. As we look to the future, we would like to contemplate a situation where we have lower force levels and a different mix of forces. But, what we had decided and what the decision of NATO was last year was to make as its first priority reaching a conventional forces agreement.

You know the levels that we are talking about now, and we certainly hope to be able to do that by year's end. The alliance decided that would be the appropriate point to look at the issue of both short-range nuclear force negotiations and the modernization that is the Follow-on to Lance. I think the goal of reaching that first agreement and moving beyond it is something that we both share an interest in, and I think to encourage it the Soviets have to feel that they are facing that same force structure that has kept the peace until we can actually get to the point of reaching agreements on CFE and moving beyond.

Senator RUDMAN. That is a very good answer in terms of strategy and tactics, and, you know, I do not disagree with a thing you said. Now, I have never been accused of being too subtle, but maybe I was on that question. Let me see if I can just rephrase just part of that.

I understand the strategy; I understand the tactical need. What I am saying is that the political realities in Germany would not allow an intra-German nuclear missile on German soil. Is that an unreasonable assumption on my part?

Mr. KIMMITT. Well, we effectively have that now, and Germany is part of an alliance consensus—

Senator RUDMAN. Oh, yes; now.

Mr. KIMMITT [continuing]. To continue force structure.

Senator RUDMAN. But I am not assuming now. I am assuming a unified Germany even if as part of a unified Germany there are certain security arrangements made with the Soviets and the Poles that they may require in the short term. Unlike some other American leaders, I am not willing to forget the history of this century very quickly, and I do not think the Europeans are either. Frankly, I do not blame them.

So my question is, Why in the world do we put money into a missile that we know a unified German Government will not allow to be based on its soil if its purpose is to be fired from Frankfurt to land in Leipzig. I mean, we cannot really assume that is going to happen, can we, that anybody would allow that to happen?

Mr. KIMMITT. I think what I would suggest is that we should look at that decision at the point when the conditions that you have suggested have been created, both a reunified Germany and I would imagine a significantly lowered threat to the American forces that we have in Western Europe, including West Germany and the alliance forces that are there.

Senator RUDMAN. We will. Of course, the problem is that we have to come up with a bill here. The chairman is going to sit down with us someday in another few months and say, "We are going to make a mark here and what is the mark going to contain for Follow-on Lance?" I am going to tell you that I seriously doubt we are going to authorize any more money. We may anticipate the German election in December.

BORDERS OF A REUNIFIED GERMANY

Let me move on to just one other question that I had. You may not wish to answer this. It may be beyond your pay grade—it is within your expertise, but it may be beyond your pay grade. I understand that, so let me ask it anyway.

Mr. KIMMITT. I am waiting with bated breath.

Senator RUDMAN. But I give you that out.

Speaking only for myself, but I think echoing comments I heard yesterday around here, I was very uneasy with Chancellor Kohl's comments at Camp David about the Polish borders. What he said, and maybe I did not understand him correctly, translation being what it is, was that it would be up to an all-German Parliament to decide, meaning a unified German Parliament to decide, I guess, what their policy would be. I do not think he would presume that what they decided would necessarily be acceptable to anyone else, including the United States.

I get the distinct feeling that he made the statement he made because he has political problems in the Federal Republic with people on the right who maybe do not feel as satisfied with the post-World War II borders as many others.

Has this Government made a strong statement? Is it willing to make a strong statement advising the Federal Republic of Germany that irrespective, irrespective of what they vote for or against, it is the absolute position of the United States that those borders will remain as they were set post-World War II?

Mr. KIMMITT. I think what the President tried to do on Sunday, Senator Rudman, was to state clearly what our position was, and that was when one looks to the Helsinki Final Act—and it talked about the inviolability of borders as they exist—that that is the position that the United States supports, and the only change that should come about in any border should be through peaceful change and, therefore, our position, I think, is quite clear with regard to that particular border.

The Germans, of course, were signatories also to the Helsinki Final Act, and I took what the President said, and that is that our positions with regard to this as compared to the German positions are ones that are in alignment rather than agreement to suggest where we are now, and that is not—

Senator RUDMAN. What does that mean, "in alignment not agreement"? Define that for me.

Mr. KIMMITT. Well, I think—as best I can tell, it is that there was nothing that the Chancellor said with which we disagreed, although we were prepared to go further in stating our unequivocal position on this.

I took the Chancellor's statement—and I cannot comment in terms of internal German politics—I took his statement simply to mean we are talking about a border on the flank right now of a country, the GDR, over which he does not have any juridical dominion or control and that the appropriate point, he—if he is in the position to talk about that—would be prepared to talk about it, and I think in a manner not inconsistent with the Helsinki Final Act. And, therefore, I do not think we have found any disagreement between positions.

I think there was a fundamental alignment. I think the President just stated more clearly our position than perhaps the Chancellor believes that he can at this point.

Senator RUDMAN. I noticed that some West German political leaders yesterday strongly criticized Chancellor Kohl's position, saying that he should have been much clearer. Maybe he could not guarantee what would happen, but at least his position should have reflected the Helsinki Final Act.

Finally, I would just comment that I think one of the more interesting newspaper headlines we have had recently was the one in the Saturday Washington Post which said, "Bush To Discuss Polish Border With German Leader." I just thought back in history. I could substitute a couple of names very quickly for that, in 1938 and 1939. It is what the whole thing was about. I really think that we ought to be very firm, open, and outward in our saying to the Germans—as happy as we are about the forthcoming unification of Germany under the right circumstances—that, you know, those 30 million people who died between 1938 and 1945, there was a reason: the borders were violated. The Polish people ought not to worry about their large, sometime aggressive neighbor on their west. We hope that that is gone.

But Helmut Kohl's statements did not give many people who have to vote on important defense matters in this committee any great amount of comfort over the past weekend, and I think the Department ought to know that.

Senator INOUE. Thank you.

Senator KASTEN.

Senator KASTEN. Mr. Chairman, thank you.

FUTURE OF ASSISTANCE TO CENTRAL AMERICA

Let me, if I can, Mr. Secretary, switch to Central America and ask for you to as the result of the Nicaraguan elections—obviously it is going to have an important impact on what is happening in El Salvador, and I think also an important impact on what is happening in or what may happen with regard to Castro's future in Cuba.

In terms of the responsibilities you have with regard to this committee, the Defense Appropriations Subcommittee, and also with regard to the Foreign Operations Subcommittee with regard to both economic and security assistance that comes out of that committee, if you could just explore with us for a moment where you think we are going in terms of economic support of the new government in Nicaragua and the conditions that would have to be met in order for us to possibly even provide security assistance and then

the impact that this will have on the government in El Salvador and kind of the overall way that this will affect this region.

I sense that because of what happened—and obviously we welcome it—because of the election process that a number of our priorities in Central America with regard to this committee, but also with regard to the Foreign Operations Subcommittee may shift, and some of the resistance that we had in Congress may change. And some of the issues that we are dealing with might be different.

I would expect to see the shifts in a more pronounced fashion probably in the Foreign Operations Subcommittee in the near term.

I think what we have seen is yet another triumph for democracy, and I think now we should be working and thinking about how to help institutionalize that democratization that is taking place in Nicaragua and how to help move them toward both national reconciliation and national reconstruction.

I would hasten to add at this point that we have a number of issues under consideration, and no decisions have been made. I think, of course, it would be more appropriate for the President than I to suggest what his individual decisions are.

But with regard to the assistance, what I would say that among the factors we have under consideration are, No. 1, the issue of the economic sanctions and the appropriate time and manner in which to lift those.

Second, I think we would have to recognize that there has been great multilateral interest in Nicaragua for quite a number of years. Indeed, we have had differences with a lot of our friends in Europe and elsewhere about their assistance to the Sandanistas.

I would hope now that we can put those differences behind us and agree that just as we are trying to help institutionalize democracy in Eastern Europe, we can work together for a multilateral approach on economic reconstruction in Nicaragua, and I think we are looking right now at the best means to approach that multilateral task.

There will be a U.S. component in that effort. I would have to think it would be much more economic than it would be security assistance in nature although, again, our analysis is early on that subject. And I think, as you well know, Senator Kasten, there can be both financial and nonfinancial components to it as we look at trade preference and other items that have not been available for quite some time to the Nicaraguans.

And I think to some degree the analytical framework that we have used most recently first in Eastern Europe now in Panama I think will also apply in Nicaragua because again I think what we are looking at will be both political reconciliation and economic reconstruction.

Exactly what those levels might be and exactly what form they would take is still something very much under consideration and, just as we did with Panama, will be the subject of close consultation with you before we make any decisions.

Again, in the near term I would think that the effects would be seen much more in the Foreign Operations Subcommittee than the Defense Appropriations Subcommittee, and I would agree with you

that it has an effect not just in Nicaragua, but in the neighboring countries including Salvador.

Remember what we saw on Sunday was yet another step toward the process of living up to regional accords to which people had ascribed. I think the Sandanistas are to be commended for having followed through with fair and free elections and what appears to be a commitment on their part to a peaceful transition by April 25. I think that should be encouraged.

By the same token, one of the major differences that we have had with the Sandanistas has been their support of cross-border activities and particularly subversion in El Salvador.

I would hope that the people inside the FMLN right now see that day coming to an end—that is, material support for insurgency coming to an end—and we can talk instead about both reconciliation and reconstruction inside Salvador.

We have not seen yet that dramatic shift, not as much as we have seen in Nicaragua, but I hope it would be coming.

And on your last point with regard to Cuba, I would have to think that Fidel Castro has to feel increasingly isolated, not only in the world, but in his own hemisphere as this tide of democracy and economic freedom and respect for human rights sweeps the world. I would hope that that would be a clear indication to him that the time has come for him to look inwardly how that process of change can be effected inside Cuba and not to be as concerned with international adventurism, whether it be in Africa or in Central America.

Senator KASTEN. Let me just follow up by saying both of us are familiar with the debates that took place as to what the dollar amount for Panama would be and somehow we would get it without coming up with breaking targets and all the other kinds of things.

I am just looking down after April 25. We still are not in the regular budget cycle. I think that we could have all that we had with regard to Panama in terms of the internal dispute in spades all over again with regard to Nicaragua and possibly even El Salvador as part of a package.

You are right, this is more in the Foreign Operations Subcommittee than it is here, but it could very well mean offsets or reductions from this committee in order to pay for the economic or security assistance to either El Salvador or Nicaragua.

Mr. KIMMITT. Well, I agree. I would like to think of them not as disputes but as issues that need to be resolved between us. I think we share the same goal of helping democracy really take root in Nicaragua, helping that country on a path toward economic reform and reconstruction. I hope that we have learned from some of these issues that we have been through most recently, starting in Eastern Europe, moving on to Panama and so forth.

You are right. It does involve tough tradeoffs within the administration and between the administration and the Congress, but I would like to think that we have an open dialog on this and that we are both supportive of what has happened and the direction that we would like to see things go in Nicaragua.

Senator KASTEN. Mr. Chairman, thank you.

Senator INOUE. Thank you very much.

Senator DeConcini.

Senator DeCONCINI. Mr. Chairman, thank you. I have a statement I would like to put in the record if the Chairman would permit.

Senator INOUE. Without objection.

[The statement follows:]

STATEMENT OF SENATOR DeCONCINI

Mr. Chairman, I would like to thank Undersecretary Kimmitt for being with us today and commend him for his coherent and wide-ranging statement on the changing priorities of our defense and foreign policies.

I particularly appreciated his statement that the "mark of a superpower in the 1990's" will depend on how well it is able to adjust to the new realities. I hope that the administration follows this advice as it works with the Congress on developing the defense and foreign affairs budget for 1991.

I have taken a special interest in several of the areas that Mr. Kimmitt listed as emerging issues in the 1990's, in particular regional conflicts and weapons proliferation. I believe that I have pointed out on previous occasions that the "Cold War" was cold only in Europe.

In the rest of the world, an estimated 17 million people have died in the post-war period in so-called regional conflicts. We have had a few successes in mediating some of these conflicts, but over-all they have shown themselves to be remarkably intractable.

Clearly, in the emerging multi-polar world American diplomacy and leadership will be even more important to meet the challenges before us. As Mr. Kimmitt pointed out, the world remains a dangerous place. And I fear that as technology and modern weapons proliferate, the world may become even more dangerous.

We now see drug dealers with automatic assault weapons that allow them to out-gun domestic and foreign police forces. Such dangerous and diverse groups as the Revolutionary Guard in Iran and the drug cartels in Columbia have been found with surface-to-air missiles. Worse still, history has shown that the Third World is attempting to emulate the arsenals of the Great Powers.

Will the day be far off before a variety of nations have a stockpile of weapons of mass destruction—whether chemical, biological, or nuclear—and the capacity to deliver these weapons.

I appreciate Under Secretary Kimmitt's statements about the importance that the administration places on stopping the proliferation of the weapons of mass destruction.

But it is essential to back this rhetoric with action. In the absence of action by the President, a number of Senators and congressman—and I am proud to place myself in this group—have made a series of proposals or how to address these issues. I hope that we can explore some of these questions at today's hearing.

STATE DEPARTMENT OFFICE ON PROLIFERATION

Senator DeCONCINI. Mr. Kimmitt, I have just a couple of questions. One is, I had written you earlier about setting up an office in the State Department to coordinate U.S. policy on the proliferation of chemical and biological weapons and missile technology. We have gone around on that for quite a while with you and also Mr. Bartholomew.

I understand that an office with similar responsibility has now been established in the Political Military Affairs Bureau. Can you tell me what State has done to handle proliferation issues and how U.S. policy is coordinated among the various interested departments, particularly as it relates to missile proliferation?

Mr. KIMMITT. Yes, sir; you are correct in saying that the subject comes really more under the general supervision of my colleague, Reg Bartholomew, with whom I know you have had extended discussions on this.

The reason that I included the paragraph which I did both in my opening statement and in the longer statement for the record is that we do recognize the very real threat that is posed to world security by a series of these new transnational type issues that really do not recognize borders, whether it be terrorism, drugs, or proliferation. I think you are correct to say it is chemical, biological, nuclear, and missile, and that combination of both missile technology advances as well as advances on the chemical front I think are a cause for major concern.

You have correctly identified the Office, the Bureau of Politico Military Affairs in the State Department, that has the line responsibility at the Assistant Secretary level. Those people coordinate with the regional bureaus involved, sometimes even with the economic bureaus because, as you know, a lot of times these decisions made by foreign countries to engage in this kind of trade is much more economically than politically based.

Those people would then report through Reg Bartholomew to the Secretary on a discreet issue. More likely what would happen, however, is that the discussion would go into the Policy Coordination Committee at the Assistant Secretary level that would look at proliferation. It would then, if necessary, go up to the Deputy's Committee on to the National Security Council itself.

Occasionally a proliferation issue will move up as the lead issue in a particular discussion, but more often than not what has happened is we are looking at U.S. policy toward a region or a country. There is a proliferation component of that discussion. We are having discussions even this week with regard to a number of countries where that concern is raised, and we look at that again as a part of the continuum of issues that should be on the bilateral discussion between ourselves and those foreign countries.

REPORT ON MISSILE PROLIFERATION

Senator DECONCINI. Mr. Secretary, I sent back a report from the State Department not long ago on missile proliferation. I hope you have seen that report. While the report gave an interesting theoretical discussion of what an effective missile proliferation regime might include, it fell well short of the legislative requirement of presenting an administration's plan of action on the proliferation problem.

Can we expect a coherent explanation of what the plan is going to be? Is that what you are talking about being put together now and going up through the bowels of the State Department into whatever joint, cooperative operation there is; hopefully, to the National Security Council? Is that what we can expect in the future; and if so, when?

Mr. KIMMITT. I would have to get back to you on the specific details.

Senator DECONCINI. Would you, please?

[The information follows:]

MISSILE PROLIFERATION

We regret that you were disappointed by the report on missile non-proliferation. It did, however, contain an accurate statement of our policy. Since then, that policy was elaborated in testimony given by Assistant Secretary for Politico-Military Af-

fairs Richard A. Clarke, in both open and closed hearings before the Senate Foreign Relations Committee on October 31, 1989. To summarize from Mr. Clarke's testimony, our policy on missile proliferation is fourfold. We seek to:

- deny the sale or acquisition of missiles in accordance with our missile non-proliferation goals;
- delay acquisition by increasing the time and resources needed to develop or buy missiles;
- increase international pressure on supplier countries to refrain from selling key equipment and technology;
- limit potential damage to our policy or interests where missile acquisition cannot be prevented or delayed.

We are committed to a long-term effort to fight the threat of missile proliferation, and have taken a strong lead in articulating an effective missile proliferation policy. The Department of State welcomes your concern about the issue, and we look forward to working with you on it. In particular, we expect to respond to your letter returning the report shortly.

Mr. KIMMITT. What I would say, though, is that we meet the legal requirements of any law set down by the Congress. What I was describing to you was the process that something like that should go through.

Senator DECONCINI. Yes; I know.

Mr. KIMMITT. I would be glad to look into it to find out where it is.

Senator DECONCINI. Maybe you want to look at it. Do you think the report that was sent here meets the law, the requirement of the law?

Mr. KIMMITT. I think I would want to look again both at the report and at the requirements because it sounds to me like you feel that it fell a bit short. I would like to look at that.

Senator DECONCINI. I do; I think it fell a great deal short because the legislation requires presenting an administration plan on the action of proliferation and the problems related thereto. I would appreciate your looking at it.

Mr. KIMMITT. I would be glad to.

The one thing I would say, Senator DeConcini, is that, as you know, I have been involved in a number of administrations going back to the mid-1970's. I have never seen an administration that is devoting as much high-level attention to the issue of proliferation broadly, missile technology and chemical, biological, and nuclear in particular.

Sometimes you do not see that as dramatically as other times. We have had some significant developments recently such as the Soviet agreement at the most recent ministerial to adhere to the missile technology control regime limits. I think that was a significant breakthrough with the Soviets.

Even at lower levels, if you take a look, as I do, at the talking points that we use for diplomats coming in, visiting heads of state and so forth, there is almost always a proliferation point. I think in times past we sort of did that, but at lower levels, and it was not as well integrated.

So I think we are heading in the direction that you want.

Senator DECONCINI. Excuse me, Mr. Secretary. The President has made that point in a couple of his public statements, and I applaud him for it. I would like to see, however, a plan. That is how Congress established a record, to see what plan there is, so we feel that while it is, as you indicate, on your agenda every time you meet

somebody, we need to be certain there is a plan to which you can refer.

ANDEAN AID PROGRAM

Last question, Mr. Secretary. Recently Secretary Baker publicly committed the United States to a 5-year aid program for about \$2 billion to the Andean countries—Peru, Bolivia, and Colombia—to combat narcotic trafficking.

Can you give us specific information regarding this proposal? Will the Department of Defense be tasked for some of the money to satisfy that \$2 billion?

Mr. KIMMITT. I think if you are referring to the accords that were signed between President Bush and the Andean three presidents at Cartagena—

Senator DECONCINI. No; I was specifically referring to Secretary Baker's statement of a 5-year plan for \$2 billion. Maybe that is where he came up with that statement, but I read that somewhere else. It does not necessarily mean it is true.

Mr. KIMMITT. If I could, may I take that question and get an answer for the record?

Senator DECONCINI. I guess what I want to know is, What you can give us about the details, if you have any; and two, is any of that \$2 billion likely to come from the Defense Department, and how much and where from?

Mr. KIMMITT. All right; I will be glad to get that for you, sir.
[The information follows:]

COUNTERNARCOTICS ANDEAN PLAN

Secretary Baker's statement regarding a \$2.2 billion program for counternarcotics in Colombia, Bolivia and Peru refers to the Administration's five-year counternarcotics Andean implementation plan, announced by President Bush on September 5, 1989. The \$2.2 billion counternarcotics plan consists of military, economic and law enforcement assistance funded from Foreign Assistance Act and Drug Enforcement Administration appropriations.

The administration initially requested that the majority of the funding for the first year of the five year plan come from Department of Defense appropriations because the development of the plan occurred after the President had already submitted the fiscal year 1990 budget request to the Congress. Subsequent congressional action, however, resulted in including the fiscal year 1990 funding for this plan in the Foreign Assistance Act. For the remaining four years of the plan, regular appropriation processes will be employed for each relevant agency involved in implementation

Senator DECONCINI. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator BUMPERS.

Senator BUMPERS. Thank you, Mr. Chairman.

GERMAN REUNIFICATION

Mr. Secretary, I have grown increasingly concerned—I will not say apprehensive, but concerned—about the pace of reunification. That is obviously irreversible simply because the borders are open and they either reunite or all the East Germans are going to move to West Germany anyway.

I am concerned about some of the things that occurred, and I associate myself with Senator Rudman's remarks about those concerns, which are if a unified Germany is going to remain a part of NATO and the United States is going to maintain troops in a unified Germany, what if the Soviets do not like that, as they apparently do not? What happens then? What if they say that is all well and good for you but we are not going to remove our troops from East Germany until we come to a better conclusion than this?

Mr. KIMMITT. I think you fairly accurately described the Soviet position right now, and yet at the same time I think that they recognize, as you suggest, that the process of reunification is moving forward. Indeed, it is happening in economic, cultural, and political terms even as we sit here, even if it is not moving juridically and legally.

I think that was one of the reasons why we thought it was important to come up with a process through which these various issues could be discussed with the key parties. That is why this formula that was developed in Ottawa of two-plus-four we think allows us to have discussions with the Soviets and others on precisely the issues that you raise.

The two would be the two Germanies; the four would be the four wartime allies who have residual rights. There would be discussions first among the Germans and then among the larger group. It would not be a decisionmaking body. We certainly would not be making decisions for other countries whose interests are affected there, be they Poles or Western Europeans.

Senator BUMPERS. Mr. Secretary, let me interrupt you at that point, if I may.

You mention our residual rights, the four victors of World War II. Are those residual rights derived from the treaty that ended the war? What is the derivation of our residual rights to determine how this reunification will occur?

Mr. KIMMITT. It comes from agreements that we reached at the end of World War II to bring about a cessation of hostilities. As you know, there was not a formal peace treaty, but there were a series of agreements reached that involve rights both in the two Germanies and in Berlin more particularly. So it is really on that basis that you would have the four involved in discussions with the two.

Senator BUMPERS. I assumed that, but go ahead with your testimony. I just wanted to clarify that.

Mr. KIMMITT. That is the point. I think that the issues that you have raised, whether they be some of the smaller juridical issues about certain rights that we have retained in Berlin particularly, or in Germany more broadly, or to the very major issues.

You put your finger right on it; that is, a united Germany being part of NATO and what that means not only for United States but Soviet force structure. That is precisely what we would like to discuss in detail with the Soviets. We, of course, have bilateral discussions with the Soviets and others, but we think that this broader construct of two-plus-four is the way to discuss those in a more comprehensive way and then working with our allies and so forth work to what might be the appropriate resolution of those issues.

I would think that the Soviets are committed to the notion of decreasing force levels in Europe. I think that is why they are prepared and we are prepared in Ottawa to agree to the 195,000 troop level.

That still leaves, though, 195,000 of their troops in Eastern Europe, principally in East Germany. I think that one of the real questions that we have to ask about the consequence of a united Germany remaining in NATO included in the integrated military structure, which is the position not only of the United States but also Germany and other NATO allies, is how to square that with Soviet security interest. I think that is going to be the subject of—

Senator BUMPERS. One of my sons is a graduate of a major German university and thinks he is a German expert. He and I were having a discussion Sunday in which he was maintaining that he felt the Soviets would be happier to see a unified Germany in NATO than they would a neutral Germany. I did not buy into that, though that idea has gained some momentum in this country.

The Soviets are not buying into that, either. The Soviets, so far as I know right now, have a policy that they would rather see a neutral Germany not aligned with Warsaw Pact and NATO and with no troop presence there than they would to see a unified Germany aligned with NATO; is that a correct statement?

Mr. KIMMITT. I think that is essentially accurate with regard to their current position. Of course, the reason that you have talks is to explore how one can meet the other's interests and needs in terms of security stability and so forth as you move toward the future. I think you have accurately described their position now.

Senator BUMPERS. I also share Senator Rudman's concerns about Kohl's apparent unwillingness even personally to say how he feels about the Polish borders and the Czech borders.

I remember when the free city of Danzig was the big issue. I am old enough to remember that, and the history you live through is a lot more graphic than what you read about. So I have some normal concerns because I have lived through a lot of that history. I also remember the excuse of the Sudetenland.

If they are going to rewrite a constitution, it seems to me that something in that constitution or something that has some permanency to it has to guarantee the borders. I do not blame Poland for saying we are not quite ready for Soviet troops to leave here until this is all resolved. I think you understand that, and the State Department ought to understand that.

SOVIET THREAT IN EUROPE

Let me just shift gears for a moment. The other day I asked somebody in the Pentagon about a statement that the Soviet threat has indeed been dramatically reduced, yet our whole defense budget has been based on the scenario of a massive Soviet invasion of Europe. I think both the military and conventional wisdom today is that that is not likely. Indeed it is almost impossible because of a whole host of things, not the least of which is the fact that the warning time has doubled that we get in case of such an attack.

The people of this country are beginning to talk about peace dividends. Those of us on this committee as well as in the Armed Services Committee and the Members of Congress generally are beginning to say, as Senator Sasser said the other day, it looks to me if we are going to have a peace dividend Congress is going to have to carve it out.

It is hard for me to believe, for example, when it comes to the Lance Follow-on, that they are serious when they have \$200 million in there for the Department of Energy and the Department of Defense to modernize the Lance missile when that has become almost laughable in Germany. In my opinion, this committee is not going to approve any money for that.

My point is this: If the Soviet threat is that dramatically reduced and then I see a document in the Washington Post, the so-called defense planning guidance—and I do not know whether that was intended to be shared with Congress or not, but they say we cannot let our guard down, we have to keep defense expenditures going because of the Third World threat.

Now I do not speak for anybody else on this committee, but it is hard for me to believe personally that these people are really serious when they say we have to keep the defense budget at \$300 billion-plus because now we have to turn our attention to the Third World threat. What Third World threat are they talking about that we have not faced in the past?

Well, why do I not take your assumption. I am not sure that I am working from the same set of facts as whoever—

Senator BUMPERS. Are you familiar with that defense planning guidance document?

Mr. KIMMITT. I think I am, although I have not read it in detail. I am aware of certain parts of it, and what I would imagine was meant by that, Senator Bumpers, was that the Third World regional conflicts in which the Soviets are still spending somewhere between \$10 to \$20 billion per year to support their client states, still provide the potential for superpower confrontation and that as we reduce the threat that we focused on for so long in Europe, we should do that in a way that enhances stability, but we should not forget that we have to find appropriate solutions to these regional conflicts, whether they be in Cambodia, Afghanistan, Angola, Ethiopia, even in Central America, although we hope a new day is coming there.

I did not take anything that I read in defense planning guidance to say, however, that it was a shift of the threat, but it is just a recognition that the threat is maybe more multipolar now, not only do you have the continued threat in Europe—and I think we have to recognize there is a continued threat there—we do have the significant Soviet presence in Asia. We do have these regional conflicts, and then we have got a number of these transnational issues like terrorism, drugs, and weapons proliferation that I think we have to be mindful of.

Senator BUMPERS. But there is not anything new about that, is there, Mr. Secretary?

Mr. KIMMITT. I do not think there is anything new, although I think that perhaps as the threat does begin to recede somewhat in Europe you see these things in a different light, maybe in a differ-

ent focus. And I am not suggesting that that is the reason alone to hold defense budget levels where they are.

What I am saying is that as we make our decision about the appropriate mix of resources, including defense resources and foreign assistance resources, I think we should look at that threat the world over and ways to combat that threat.

And, of course, sometimes you have to have deterrents as the foundation for what we hope will ultimately be the threat reducers, which will be the process of democratization, the move to open market economies, and the respect for human rights that we are seeing in Eastern Europe.

That would take me back to your point about the Follow-on to Lance which, of course, we have discussed before. You have been a partner to a winning formula in Europe. It has worked. The combined political-military strategy that we have had there has both kept the peace and prompted the kind of dramatic changes that even a year ago none of us could have hoped for yet believed would have been in place today.

And I would say that as we go about readjustment of our force structure, I hope we do not change the formula. And I think part of that formula is that if we are going to have American troops in Europe, it has to be on the basis of both conventional and nuclear capabilities, both tactical and strategic.

Now, how we go about doing that is, I think, something we will discuss, but it seems to me that just at the moment we are really starting to see the fruits of the collective security strategy that we have had, I would be very careful about tampering with the formula.

Senator BUMPERS. Mr. Secretary, my time is growing short, I guess, and I do not want to—well, I did not realize Senator Sasser was the only one. I do not mind taking his time. [Laughter.]

I want to make a couple of observations, if I may.

On page 4 of your testimony you say:

However, the Soviets still maintain higher levels of conventional forces. While there have been some reductions, the changes they have undertaken have made these conventional forces more efficient and more lethal.

Does that mean that we are worse off by their having reduced the forces because they are meaner and leaner now?

Mr. KIMMITT. I do not think it means that we are worse off. I think we just have to recognize that as they pull forces out of Europe, they are obviously going to try to keep the best forces that they can in place, and I think it is also a recognition that with preponderance of priority that they give to military R&D that we are starting to see some real improvements in Soviet capabilities in certain weapons systems that I would rather discuss in closed session.

So, I am not saying that we should be afraid to go to lower levels. Quite the contrary. We should move to lower levels, but we should recognize that as you move to lower levels, you do have I guess I would describe it a leaner, meaner force, but because it still has meanness to it, it has that capability. We just have to make sure that we match them at those levels so that the stability that we have now is retained as we move to those lower levels.

Senator BUMPERS. Mr. Secretary, just two rather quick questions.

BORDERS OF A REUNIFIED GERMANY

As one of the residual rights which the United States as well as the other so-called superpowers retained at the end of World War II, I take it that it is a fundamental policy of the State Department to guarantee the present borders of Poland and Czechoslovakia. Is that a fair statement?

Mr. KIMMITT. I think I would go back to the President's statements of this week, and that is we are a signatory to the Helsinki Final Act which recognizes the inviolability of the borders as they then existed which said that the only change that should take place in borders is through peaceful change. And the President reiterated that quite strongly this weekend.

Senator BUMPERS. So, the essential answer to that is yes, we signed the Helsinki accords and, therefore, unless there is a peaceful resolution of a change, then we would be opposed to it?

Mr. KIMMITT. That is correct.

Senator BUMPERS. Now does that mean, then, that we are prepared again, as a residual right and in the so-called two-plus-four talks, to guarantee the inviolability of both the Czech and Polish borders?

Mr. KIMMITT. Again, I think the position that we would take into those talks, both with regard to Poland and Czechoslovakia, is that borders are set. There was a 35-nation agreement that those borders were set and inviolable, and that should be the result of talks, not just two-plus-four, but beyond.

Senator BUMPERS. Do you think that ought to be a fundamental condition to our signing off on reunification of Germany?

Mr. KIMMITT. I think that I cannot see any situation under which the United States as it proceeds in these talks bilaterally two-plus-four beyond in the alliance is going to accept any change in fundamental positions that the United States has taken, particularly those to which we are signatories in international agreements, like Helsinki, as an incident of reunification.

I do not sense that we have any difference between and among the alliance members on those various subjects, and with the exception of the point that you mentioned with regard to Soviet differences about a united Germany being in NATO, I do not sense a major problem among the six or more broadly on the borders issue.

START TALKS

Senator BUMPERS. Let me just conclude with a question on the START talks and I might also say that I think sometimes that there is a growing perception in this country that because of the obvious economic weaknesses and the political turmoil in the Soviet Union, somehow we are in the driver's seat, and we can sort of dictate the future of an awful lot of the world, and I think that has some merit to a point, but I also think it is dangerous.

I heard a defense counsel say one time he always liked to defend some guy that killed a bully because he could always make the jury want to dig that son of a gun up and kill him all over again.

And I think that—I just think there is an element of danger here in assuming that the Soviets are going to let us hand them a document and tell them to sign and we will fill in the blanks. And I have the feeling that at the START talks there is some of that going on.

We originally agreed, Mr. Secretary, to reduce the number of strategic warheads on both sides to 6,000, 4,900 of which could be ballistic, which meant essentially that you could have 1,100 that were cruise missiles or penetrating bombers.

Now we are to a point where we are essentially saying under the present agreements that we will have 11,700 warheads, which is almost the same number we had when we started the negotiations and that the Soviets will have about 7,700.

And I want to know what happened to the original 6,000 warhead agreement. And where are we? How are we better off? How is the world better off if we are going to wind up with as many warheads on the START talks under the START I treaty as we had when we started negotiating with them about 5 years ago on this?

Mr. KIMMITT. Senator, I will have to take the question on the specific warhead numbers. I am not as involved in the negotiations as is my counterpart Reg Bartholomew, but I would be glad to get you an answer back on that.

I would say, though, in terms of the premise that you led in on, I think that we feel that we and the Soviets have equal responsibility for bringing the START agreement to a successful conclusion. I do not think we underestimate them. I hope they do not underestimate us.

I think the Secretary felt that at his most recent set of discussions with Minister Shevardnadze that they were able to address a number of the major issues. A lot of work still needs to be done, but the hope is that we can resolve most of the major issues when the summit meeting takes place this June. Again, I will have to get back to you on the particular detail that you have raised.

What I would say, though, is—and you are aware of this—that the Soviets have continued to allocate a significant amount of their defense budget to the modernization of their strategic forces. I do not think, again, we underestimate them or feel that we are going in dictating to them what the terms of an agreement should be, but I think we do feel that both the climate is right and the opportunity is there to strike agreements that serve our mutual interests.

Again, I would be glad to get back to you on that specific detail. [The information follows:]

REDUCTIONS UNDER A START AGREEMENT

As agreed by both sides, the START agreement will contain a 6,000 warhead limit, along with sublimits of 4,900 ballistic missile warheads and 1,540 heavy ICBM warheads on 154 deployed heavy ballistic missiles, plus a ceiling of 1,600 strategic nuclear delivery vehicles.

Discounts are built into the agreed counting rules for the 6,000 warhead limit. This will encourage reliance on weapons carried by less destabilizing systems, such as bombers (which, for example, will count as one warhead, regardless of the number of gravity bombs actually carried). Thus, while START will provide significant reductions, the final Treaty will allow more than 6,000 warheads on each side.

That is not a problem. Reductions under START have never been pursued simply for the sake of reductions, but have been designed to enhance strategic stability and security. Our objective in START has always been to reduce the risk of nuclear war

by concluding an equitable and effectively verifiable agreement for reductions in nuclear arsenals, focusing on the most destabilizing systems, such as ballistic missiles, heavy ICBMs, and ballistic missile throwweight, and encouraging movement to more stabilizing systems, such as bombers. That objective has not changed.

In a START agreement, therefore, destabilizing systems will be reduced more than others—there will be 50 percent reductions in Soviet ballistic missile warheads and Soviet heavy ICBMs, and in the total throwweight of Soviet ICBMs and SLBMs. Reductions in less destabilizing systems, such as weapons carried by bombers, will not be as severe.

This approach will promote force structures that reduce first-strike incentives and therefore will reduce the chance of nuclear war, while at the same time achieving significant reductions in the current nuclear arsenals of the U.S. and Soviet Union.

KOREAN RESPONSE TO COST SHARING

Senator BUMPERS. Mr. Secretary, one other thing quickly. What did the Koreans say to Secretary Cheney when he said, We want more money?

Mr. KIMMITT. I have not talked to Secretary Cheney since he has been back. In fact, I think he was meeting with the President or Secretary Baker today or tomorrow.

The impression that I have, though, is that the Koreans understand that at a time of economic resurgence in Korea that they are and should be in a better position to help share the responsibilities that we have for defense of the peninsula and the broader Northeast Asian area more broadly. We were talking, of course, too about a restructuring of our forces there, particularly or principally support troops.

My impression is that the discussions went very well, including on the question of what is appropriate responsibility sharing. But as to the details, I would have to get back to you on that, the details of their response.

[The information follows:]

KOREAN RESPONSE TO COST-SHARING PROPOSAL

Secretary Cheney briefed ROK officials on the Administration's review of East-Asia Pacific strategy, including adjustments to the U.S. presence contemplated over the next several years. Planned changes in our Korea presence will affect roughly 10 percent of U.S. Forces Korea and will involve adjustments in non-combat troops.

Korean officials agreed with these planned non-combat force adjustments. Further, they agreed to start consultations on how they can best assume the lead role in deterring external aggression on the peninsula.

In this context, the Government of the Republic of Korea concurred that Korea should increase the level of host nation support provided to U.S. Forces Korea, and specifically Korea's share of defense cost sharing.

Follow-on consultations with the Korean Government are planned throughout the year to determine the specific level of Korean cost sharing.

Senator BUMPERS. Thank you, Mr. Secretary, and thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator SASSER.

Senator SASSER. Thank you, Mr. Chairman.

A NEW NATO

Mr. Secretary, you indicated a moment ago that the old formula had worked with regard to Europe, and my concern is that the State Department is not providing leadership toward a new formula. The old formula of counterbalancing Soviet military power with

NATO military power is just that in my view, an old formula. And we find ourselves continuing to pursue the old formula in the defense budgets that are presented here to the Congress.

Glaring examples like purchasing more M-1 tanks, even though we have 6,000 M-1 tanks, even though we know that this is a weapon that is built to fight on the plains of Europe and to fight heavy Soviet tanks. Yet, Mr. Chairman, I find in examination of the administration's budget for this year, even though they trumpet the fact that they are terminating the M-1 tank program, they are indeed purchasing hundreds more of this tank by taking funds away from fast sealift that we appropriated in 1990 and reprogrammed to buy more M-1 tanks. That is an indication and symptomatic of what I perceive to be continuing to pursue the old formula.

And we find ourselves in a posture where we cannot respond adequately, in my judgment, to the new and changed circumstances.

It was the State Department and the Secretary of State following World War II who promulgated the Marshall Plan which at that time was the formula, in my judgment, which saved a substantial part of Western Europe from Communist governments or certainly from anarchy and political instability.

But because—and then we changed that formula after we had essentially assessed it in a meaningful way in the restructuring and the stabilizing of Western Europe, then we changed that formula to one of military partnership with Western Europe through NATO.

But it appears to me we continue now to pursue this military partnership to the exclusion of fashioning a new policy or a new formula which would allow us to have significant influence in Eastern Europe.

AID TO EASTERN EUROPE

In my view, Mr. Secretary, the State Department ought to be taking the lead in that endeavor, and I would like to see the State Department speaking strongly in terms of reducing some of these military financial commitments, reducing these military budgets in favor of trying to allocate resources toward economic assistance and trade assistance for Eastern Europe because, as you know, perhaps better than I, these countries of Eastern Europe have had little or no experience with freely elected governments.

If you back out Czechoslovakia, Mr. Chairman, I cannot think of a single government in Eastern Europe that has continually and consistently had any experience with the type of self-determination that we take for granted here in the western world. They have had literally no experience with that in the 20th century or for that matter ever.

So, that is a long preamble to the question, Mr. Secretary, and that is, Do you and your colleagues at the State Department agree that we need to revamp the old formula and move away from emphasis on military preparedness expending our resources for military hardware and into a mode of trying to be more influential in Eastern Europe through economic and trade measures? And if so, what is being done to carry out that program?

Mr. KIMMITT. I think, Senator Sasser, we may be talking about two formulae. The formula that I was speaking to in response to the question from Senator Bumpers was the military component of our national security policy with regard to Europe. And I think there that again collective security for defense, flexible response still makes good sense in Europe and elsewhere.

I do not know the details on the M-1 request. My argument would be that——

Senator SASSER. Well, that is just symptomatic, if I may, what I consider to be an anachronistic view of the world as far as the Department of Defense is concerned.

Mr. KIMMITT. Well, again, I would have to look at it very closely, but it seems to me that even if we get down to the level that we are hoping to negotiate this year—that is, 195,000 U.S. troops in central Europe, 30,000 elsewhere—you and we would both want them to have the best equipment possible, and I think that would include the best tanks possible, and I would imagine that is associated with that.

Senator SASSER. We have got 6,000 of them, and we are going to see them shortly rusting or sitting in the yards of National Guard armories around this country.

Mr. KIMMITT. As a member of the Reserves, I would have to take exception on equipment rusting in Guard armories or Reserve units, and so forth, because I think that one of the things we have been able to do very successfully in recent years is to shift an awful lot of priority and attention to the Guard and Reserves as part of the Total Force.

But if I could go back to your overall question, because I know the point that you are getting to, first, I think it is significant that the Deputy Secretary of State, Larry Eagleburger, is just getting back from Eastern Europe today.

We have been engaged really from the time that I first spoke before you last year at addressing the question of how to respond to this change that is taking place in Eastern Europe.

One thing that we decided needed to be done was to maintain the strong security underpinning, the stability which we think has both kept the peace in Europe and has provided the foundation for the change that we are seeing. But we have, in consultation and cooperation with you, shifted significant resources to programs in Eastern Europe, some of them coming out of the defense budget.

I think we recognize that those are important tradeoffs, tradeoffs we are prepared to make, and I think we would look to see more of those kinds of tradeoffs in the future both in Eastern Europe, perhaps Panama, maybe even now in Nicaragua and elsewhere, because the process of democratization and change that we are seeing sweep the world does carry a price tag with it.

What we had started to do last year and I think are still trying to do is to encourage both a multilateral component to assistance to Eastern Europe, but also a component that encourages private investment. We do not want to just trade one form of state assistance for another.

I think that you would find, and I would imagine that you heard in your conversations with President Havel and others, that they are not looking for handouts from the United States. What they

are really looking for is seed money that will help bring private investment enterprise and so forth to those economies.

They do need some help up front and that is why, under President Bush's leadership, the group of seven nations decided last year to set up this multinational effort directed at providing assistance first to Poland and Hungary, but now it has gone far beyond that, that has resulted in billions of dollars in assistance—not all United States, although we have contributed a significant component to it and will continue to do that.

So I think that at the Department we recognize that the broader formula, which is the appropriate mix of resources—both defense, security assistance, economic assistance and so forth—does need to be readapted.

I think we might have different opinions, sometimes, Senator Sasser, on the relative allocations, but I think the formula, and that is that we have to combine both a strong defense budget with a strong foreign assistance budget, has been a hallmark of our approach even back to the Marshall Plan days, and will remain so in the future.

U.S. ROLE IN EASTERN EUROPE

Senator SASSER. Well, my own view is that we find ourselves unable to play the type of leadership role that I would like to see the United States playing in Eastern Europe simply because we do not have the resources to do that, and I do not frankly see the leadership coming out of this administration to play that kind of role.

I fear that even if that area is stabilized, and if self-determination does prosper and if it becomes economically prosperous, I fear when all the dust settles we are going to find American business interests on the outside looking in, and we are going to find European business interests and Japanese business interests firmly entrenched in Eastern Europe and we are not going to be in the ball game there.

GERMAN REUNIFICATION

Now, one final question, Mr. Secretary. It has been my view that our Government has played a very weak hand with regard to what is occurring in Germany. We seem to be standing back on the sidelines unable to—or unwilling—to furnish any leadership to our other western allies with regard to the reunification of Germany.

I would venture to say that our other allies have been looking to us for some leadership in this regard. There is no doubt that Europeans look to a reunited Germany—80 million Germans astride the continent of Europe there—with some degree of trepidation, and this comes from the west of Germany as well as from the east of Germany.

Frankly, I was stunned to see that the Chancellor of West Germany would refuse to guarantee the borders of Poland when asked at a press conference here in the United States, and what that indicates to me is that you have a Chancellor who is facing an election very shortly who realizes that that would probably be an unpopular statement to make in Europe—in Germany, and it would

inure to his political disadvantage, perhaps, if he had made such a statement.

Now, in that, I see the seeds of very serious trouble ahead indeed. We have already experienced one world war over German expansionism in Europe, and I think it is high time that this administration and this Government took a very strong leadership role with regard to letting the Government of West Germany and letting the Germans know how we feel about some of these matters. What say you to that?

Mr. KIMMITT. Well, I think we might have another disagreement in terms of perception but not as to goal. I think—I really do not find any basis for a suggestion that the United States has not played a leadership role. I think both the President and the Secretary have spoken directly and unequivocally to a number of the issues that you have raised, some of which are associated with German unification, some of which go beyond, and on the border question in particular the President was unequivocal in his assertion of the U.S. view on that question.

Similarly, we thought it was important to find an appropriate construct to discuss these broader questions. That is why we came up with this two-plus-four formula for a discussion, although decisions will have to be taken in a much broader context.

I think that we have made clear right from the start the continued importance of NATO, the continued importance of German membership in NATO—full membership—and the importance of German membership in the European Community and the need for closer United States ties to the European Community.

The Irish Prime Minister is in town today in his capacity as President of the European Community and we are having a series of discussions with him on precisely some of the subjects that you have raised in terms of how we go about this process of closer United States-European Community ties.

Also, in his speech in Berlin the Secretary made clear that we expect to see increased vitality for the CSCE process in its human rights, economic, and security baskets, and, of course, it is in that context—the 35-nation context—that the Helsinki Final Act talks to the question of borders.

We signed that act; the Germans signed that act. We remain committed to that act and its statement that the borders are inviolable and that any change should come about peacefully. So I think that we have been straightforward in our statements and I think we have played the appropriate leadership role.

I do not think that we necessarily have to be out in front of people. I think there are some issues that are appropriate for discussion between the two Germanies, but I think in the broader construct we thought that there was a role to play in proffering this suggestion for the two-plus-four talks and using that to discuss a broader array of issues that we then take to discuss with alliance members, and I think again that what we have tried to do is to play what we think is the appropriate role in the change taking place in Europe to show people that we want to continue to remain engaged beyond.

Senator SASSER. Well, I just want to make the point here today that in my view the United States ought to furnish the leadership

to act in concert with our other allies—the French, the British, and others—who are whispering behind doors of their apprehensions, and we ought to take a leadership role in determining how and when this German reunification would come about and how it should be structured.

I think we have earned that right over a period, now, of almost half a century, and I think that we perhaps owe that leadership to our allies and to those who have borne the burden over the past half-century of maintaining the stability of Europe.

I do not have any other questions, Mr. Chairman, thank you.

Senator INOUE. Thank you.

ARMENIAN GENOCIDE RESOLUTION

Mr. Secretary, I have a few more questions I would like to ask. The U.S. Senate is presently debating the so-called Armenian genocide resolution.

Some of my colleagues have suggested that United States-Turkish relationships would be seriously damaged if this resolution, whether it be joint or concurrent, be adopted by the U.S. Senate. Furthermore, the Turkish Embassy has sent out letters suggesting that such damage would occur.

Do you believe that the adoption of the resolution would damage United States-Turkish relationships?

Mr. KIMMITT. I think I would respond, Mr. Chairman, by saying that the White House has communicated its views on the administration's position on this subject. I would not want to say anything at variance with that. I would say, though, that your description of what the Turkish reaction and perception would be I think is accurate, and they would, I think, react very strongly to action of that sort.

Senator INOUE. Should we be concerned with the reaction on the part of the Turkish Government or the perception it holds?

Mr. KIMMITT. I think that is a factor that should be taken into account. The Turks are allies of the United States in NATO. We have got strong bilateral ties with them, and I think that as we look at this issue in all its dimensions that is one factor that should be taken into account.

Senator INOUE. According to some of my colleagues, there is some confusion as to the position of the White House. Can you tell us what the White House position is?

Mr. KIMMITT. I would really rather defer to them, if I could, Mr. Chairman, although I would be glad to check with colleagues at the White House and get back to you early this afternoon.

Senator INOUE. Did the White House confer with the State Department before making its position known?

Mr. KIMMITT. They certainly did. I mean, there have been discussions between the Department and the White House on this issue for quite some time, but because it became an issue involved with leadership discussions and so forth up here, rather than something done at the committee level, I think the White House appropriately took the lead and we have made our input known.

Senator INOUE. You are not able to tell us what the White House position is?

Mr. KIMMITT. I would rather, if I could, get back to you on that and just take that question, sir.

Senator INOUE. You have indicated that the Turkish Government looks upon this with grave concern. What steps do you believe the Turkish Government might take if this resolution were adopted?

Mr. KIMMITT. Mr. Chairman, I guess I would rather not speculate on that. I have not had suggested to me by any Turkish diplomat specific steps or actions that might be taken. I think there has been more of the general expression of concern and displeasure that I think you have received from the Embassy. With regard to specific steps, I would rather not speculate on that.

FUTURE OF U.S. FOREIGN MILITARY SALES

Senator INOUE. Mr. Secretary, as our budget declines, and I am certain it will continue to decline for a while, and you will have this disengagement of superpowers. I believe we can reasonably expect that defense manufacturers in the United States will be looking for new markets.

It is either that or going out of business, and so foreign military sales will become very critical to our defense industrial base. I think we can expect that to have an impact on the per-unit cost and the lead time of items purchased for our national inventory.

Will changes be made in the way the administration will support foreign military sales to accommodate our country's need for a sound defense industrial base?

Mr. KIMMITT. I think that we recognize, and the Secretary and Deputy Secretary has stated unequivocally, that the State Department has to be a partner in the overseas efforts of U.S. businesses, both defense and nondefense. I think that we want to ensure that they get a fair hearing in foreign markets, and that U.S. Embassies and Ambassadors realize that they have important commercial as well as political opportunities.

I would think that arms sales that meet the policy requirements that are set down for sales of that level of technology to that particular country or region would be ones, once it has passed through both the policy filter and as necessary the congressional notification procedure, are ones that we would like to push as we would any other U.S. commodity being sold overseas.

I think that we probably have the right procedures in place right now. I think we can probably do a better job of helping promote those interests, but again, I think that it is not just a commercial question, as I think your question suggests, it is a matter of looking at it first in the policy context of seeing whether the sale suits the mutual security interests of the United States and the country involved and, of course, if it hits certain thresholds, that we have reached an understanding with the Congress on it.

But once we have passed through that policy and congressional process, then I think the United States should take steps actively to help its manufacturers, both weapons and others, overseas.

We are in a difficult position sometimes, if there is more than one manufacturer going for a particular sale. We have got to be a little bit careful there not to be choosing between and among

American manufacturers, but otherwise I think we see it as an important responsibility of the United States to discharge a commercial as well as a political obligation in the countries involved.

DEMOCRACY IN CUBA

Senator INOUE. The upheaval in Europe has had an impact upon the attitudes of many other peoples. We have been advised that some of the folks in Cuba are beginning to show their discontent. As a result of our involvement in Panama, the alert has been heightened in Cuba. We have troops in Guantanamo.

If the Cuban people should respond as others have, and thus, bringing about some civil unrest there, do we have contingency plans to involve ourselves there as we did in Panama?

Mr. KIMMITT. I am not specifically aware of any plans like that, Mr. Chairman. I think that what we would like to see is the same kind of peaceful transition to democracy and an open market system take place there as we are seeing now in Nicaragua.

I think Panama was a special circumstance. And we have made clear to the countries of the world that we took the action that we did in Panama because of the special circumstances that were present and they should not generalize that for United States activities elsewhere in the hemisphere or elsewhere in the world.

So I think what we would like to see, again, is the peaceful transition to a government chosen by the people, rather than imposed on them.

UNITED STATES BASES IN KOREA

Senator INOUE. Under the administration's proposed overseas base closure plans, Pacific air forces will cease operations from three air bases in South Korea—Kwanju, Suwo, and Taigu. Each of these bases will revert to the Korean Air Force, but will be available to United States tactical forces should the need to redeploy become necessary.

What role did the Korean Government play in the determination that we would cease operations in these three bases?

Mr. KIMMITT. We have an ongoing dialog with the Koreans on security issues, including exchanges of visits by Defense and State Department officials throughout the course of the year. In that particular case I would have to defer on the details of it to the Defense Department.

But my recollection was that before Secretary Cheney made his defense base announcements, both domestic and overseas, we had been in contact with each of the governments involved, including the Koreans, outlining to them the proposals that we were going to make and wanted to take into account whatever their reaction was to that.

What had happened before that time, in other words, what Defense had done with some of their counterparts, I would have to defer to them or get back to you on, sir.

Senator INOUE. Is it the State Department's position that the South Koreans are now capable of countering any attack from the North?

Mr. KIMMITT. I think it is our position that the collective security forces that we have there, and that is, United States and Korean forces, are the appropriate forces needed to deter any act of aggression by the North.

And I think I would refer, rather than to just the South Korean forces, to the appropriate mix of United States plus Korean forces under the combined command.

OVERSEAS U.S. TROOP REDUCTIONS

Senator INOUE. Mr. Secretary, Secretary Cheney will soon report to us his initiative in the Far East, and part of it would call for the reduction of our troops, 120,000, by 10 percent. Was the State Department consulted on this decisionmaking process? Or was this just a DOD initiative?

Mr. KIMMITT. There was a good bit of interplay between the two Departments on the defense budget, generally, and on this particular initiative. There was work done both at the Department and inside the interagency group chaired at the State Department.

So the short answer to your question was that we were involved in this, and I think we had an opportunity to bring our views to bear.

JAPANESE BURDENSARING

Senator INOUE. Have the Japanese responded to our suggestion that they increase their support for United States troops in Japan? Secretary Cheney made that suggestion and we have not received any response. Have they responded?

Mr. KIMMITT. I do not know of a specific response, Mr. Chairman. I would have to defer to Secretary Cheney, who has been out there most recently.

What I would say is that in the conversations I have had with Japanese political officials, there has been a clear indication on their part of their understanding of the need for us to strike an appropriate balance among our mutual shared responsibilities with regard to defense posture in the Pacific, generally, and with regard to United States forces in Japan, in particular.

And I think that this increased responsibility sharing on their part is something that they realize is appropriate to the times. But, again, with regard to the specific response he got out there, I would have to defer.

M-60A-1 TANKS IN EGYPT

Senator INOUE. We have been advised that the administration, in anticipation of the arms agreement, the CFE agreement, is planning to give Egypt 700 M-60A-1 tanks. Do you believe that this significant upgrade in Egyptian armor will have an effect on the balance of power in that part of the world?

Mr. KIMMITT. I do not know all the details on that, Mr. Chairman, but certainly one of the key considerations would be to ensure that whatever we did, with regard to the Egyptians, promoted stability in that volatile region.

They have, as you know, had M-60's for some time. I think it would be a matter of some improvement, both qualitatively and quantitatively. But we would want to do that very mindful of the force balance throughout the region.

I just recall that, his charm offensive notwithstanding, the Egyptians still have a very difficult neighbor to their west in Mr. Qadhafi. And I think that we would want, for a country like Egypt, which was courageous enough to step up and enter into peace with Israel, to help meet their legitimate defensive needs.

I think legitimate is a term that would include an appropriate look at the military balance.

[The information follows:]

SALE OF M60 TANKS TO EGYPT

In requesting these tanks, Egypt seeks to modernize its armored forces, not to increase their size. The M60 will replace aging Soviet-origin T-54 and T-55 tanks currently in many Egyptian armor units. The displaced T-54s and 55s will be destroyed on a one-for-one basis as the M60s are integrated into units; thus, Egypt's armored force structure will remain the same while its quality is significantly improved.

We believe that this transfer will enhance Egypt's deterrent capabilities. We do not believe that these tanks pose a threat to Israel's security.

Senator INOUE. It has also been reported to us that in this plan, the Egyptians would pay just for the transport of the tanks. In other words, about \$1 million for a \$140 million inventory; is that correct?

Mr. KIMMITT. I do not know that detail, Mr. Chairman. I would have to take that question and get back to you.

[The information follows:]

The 700 tanks which we plan to transfer to Egypt are excess to U.S. Army requirements. They have become available as a result of the on-going modernization of our armored forces in Europe. As excess equipment, the President is authorized, under the Southern Region Amendment, to transfer them without cost (other than transportation and handling) to designated countries. Since Egypt is an eligible recipient under the SRA, it will pay a total of \$10.3 million to transport all 700 of these to Egypt (approximately \$14.7K per tank).

Senator INOUE. Now, if this deal is going to be completed, we still have about 300 M-60's left. Are we going to be distributing those to other Third World countries, also?

Mr. KIMMITT. I think we are looking at what should be the appropriate disposition of those tanks, Mr. Chairman. I do not personally know of any decision beyond the one that you referred to, with regard to moving those tanks elsewhere.

I think we would take into account the same kind of regional stability concerns that you raised with regard to Egypt in assessing that decision. And I think we would be closely consulting with you.

I am not aware of any other specific ones, but that may be because it does not come specifically in my area of jurisdiction.

ARMS CONTROL AND REGIONAL STABILITY

Senator INOUE. One of our major concerns is the maintenance of regional stability. I think all of us agree on that. And yet we find ourselves in this instance, because of agreements we anticipate will be reached in Europe, the transfer of weapons, good, powerful weapons, to other countries.

I am certain if we are going to transfer our weapons to countries in Africa and Asia and to the Egyptians, the Soviets would have the same idea, too. I cannot anticipate them dumping all of their tanks in the Mediterranean or some place like that.

Would this type of activity add to the stability throughout the world?

Mr. KIMMITT. I think we certainly would not want to put into any country, and we certainly would not expect the Soviets to put into any country, weapons that go beyond their legitimate defensive needs.

It is hard for me to consider or conceive of any situation where the ultimate solution, say, to a regional conflict, is going to be through battlefield activity.

I think what you have to do is to have people feel secure enough in their defense posture that they will take the steps, like the Egyptians did, to step into a political negotiating process, because it is through negotiations an eventual arms cut-off, cease-fires, and so forth, that political solutions are brought about.

I think we would want to watch very carefully, then, both, instances where we put weapons in, but also, too, where the Soviets add increased weapons to a country that is already well-armed.

[The information follows:]

CONVENTIONAL ARMS TRANSFERS AND THE THIRD WORLD

Regarding U.S. transfers, we have planned for the transfer of modest amounts of equipment and have consulted closely with Congress. We look carefully at each arms transfer request in the context of the Administration's arms transfer policy and decide case by case on the basis of how the transfer promotes and protects U.S. economic, security, and foreign policy interests over time.

If in response to a changing world the Soviets withdraw large amounts of equipment from Europe and send it abroad for policy reasons or hard currency, we will need to make our views clearly known to Moscow.

However, one of the great benefits of a CFE treaty is the requirement that equipment in the zone and in excess of treaty limits on the date an agreement is signed must be destroyed. This gives us greater control than we might otherwise have.

The real problem is not excess equipment but a combination of excess production capacity and demand. We must recognize that with the decline of demand for arms in Europe, large and economically important industries will seek other customers. There will be fierce competition for a much smaller worldwide market, and Third World demand for arms is more a function of domestic and regional conditions than the availability of arms.

As you know, the U.S. works intensively to address the conditions which create regional demands for arms. We will continue to make our best efforts to promote responsible export policies and restraints on excess production capacity, and we will continue to work to stem arms proliferation and the introduction of new weapons systems in the Third World.

CONVENTIONAL ARMS AND THE THIRD WORLD

Senator INOUE. We have an estimate that under the CFE treaty, the Warsaw Pact would have to destroy or somehow get rid of over 100,000 tanks, artillery pieces, armored combat vehicles, warplanes, and helicopters. I suppose we would have to do the same thing.

I can just see an arms race developing and the Third World vying for so-called surplus equipment. Is it possible for the United States and the Soviets to get into another agreement to control this type of activity?

We may find ourselves in a really big can of worms.

Mr. KIMMITT. I think that is a very good suggestion, Mr. Chairman. I would like to think about that before getting back to you. I think certainly our primary focus has been to reduce the confrontation forces in central Europe.

But you bring up a very good question that goes to this issue of cascading. As you see equipment move out of the two zones, exactly where it goes, your suggestion that it might be something appropriate to discuss with the Soviets is something I would like to look into and get back to you on.

[The information follows:]

CFE: DISPOSITION OF REDUCED EQUIPMENT

A central element of the NATO position on CFE is that both sides will destroy equipment above the agreed ceiling within three years of entry into force. While the modalities of destruction have not been finally agreed, the guiding principle is that equipment to be reduced must be rendered physically incapable of being used for its military purpose.

Thus, once the Treaty is in effect, this clearly rules out the export of excess equipment to Third World countries and the possibility that the Soviets could withdraw treaty-limited equipment and store it east of the Urals. We intend to press the East very hard on this principle that all equipment to be reduced must be destroyed.

Senator INOUE. Because we are not just transferring M-1 rifles.

Mr. KIMMITT. I take your point, sir.

Senator INOUE. This will be my last question, Mr. Secretary. I will be submitting for your consideration about three dozen other questions. I hope you will look them over and provide us with a response.

DEFENSE SPENDING VERSUS FOREIGN AID

I am going to read this question, because I do not want any misunderstanding.

For a number of years our country's foreign aid program has been in a state of crisis, too few resources, and too great a need. The administration shares much of the blame for this crisis by failing to propose expenditure levels for the 150 account sufficient to fulfill our foreign policy objectives.

As a result, it has been the defense account that everyone has turned to, with an eye toward making up the shortfall.

For example, last year, this account provided \$20 million to fill a gap left in funding for Jordan. The administration has requested a similar bailout take place with regard to Panama during this calendar year.

Is the administration giving any active consideration to moving the military-related portions of the foreign aid account into the defense bill, so that once and for all we can be finished with the charade of robbing Peter to pay Paul?

Mr. KIMMITT. I know that there is some discussion, Mr. Chairman, about the foreign assistance structure in general, but I have not heard any particular discussion along the lines that you suggest. That is, moving, I take it, the security assistance budget on to the defense account.

In other words, converting it from a 150 to an 050 account. I am not aware of any proposal of that sort.

I guess, though, I would take a step back and say that as we go through the budgeting process, I think we do try to get the appropriate mix of defense and security assistance resources to meet collective security needs the world over.

I think some of the instances that you have described were circumstances that came up during the course of a year, and the question was, How do you react to changed circumstances?

You are well familiar with the compression that we are having in the security assistance budget, with decreasing levels and increasing earmarks. And so there is very little flexibility there.

And I think, as a result, when new opportunities do arrive or need comes up to meet commitments, you look at other places where that might be available.

Now, effectively, that is a national security decision, where the President has to weigh defense versus foreign policy considerations. It is a step, as you know, that we cannot take without full consultation with you.

I would think that what we would like to do, if possible, is to get the resources that we request on the foreign assistance side with as much flexibility as possible to obviate the need so often to have to come to the defense budget for that kind of relief.

But, with regard to a specific proposal, I am not aware of it, Mr. Chairman.

DEFENSE BASE PAYMENTS

Senator INOUE. I think we can agree that base agreements relate to military considerations and concerns on the part of the United States. It is part of our national security planning.

That being the case, what are your thoughts on transferring base rights payments out of the defense account? Right now it comes out of the foreign aid account.

Mr. KIMMITT. Well, of course, in almost every one of those base agreements there is a part of it that comes out of the defense account already.

For example, some of the shipbuilding funds, construction funds, and so forth, that provide jobs for many Filipinos at Subic, I think would have to be considered as part of the overall package.

With regard to the compensation element of it, as it is often termed, again, it seems to me that you are making some of the same kinds of decisions that you are elsewhere in the security systems budget about what level meets the mutual needs.

I guess my thought is that it would still be appropriate to have those come out of the security assistance budget and the economic assistance budget, recognizing, though, that the Defense Department does already play a financial role in terms of the resources that it brings to bear in one of those particular agreements. And the jobs that that provides for the local populace.

But I guess right now, it would sort of be easy to say yes, let us take it from a larger pot of money. But it seems to me the formula that we have used thus far has been the appropriate one. Now, the levels and so forth are quite another question.

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUE. Well, Mr. Secretary, it has been a long morning. We are very grateful to you for your candid assessment of the U.S. foreign policy and our national defense.

These are challenging times, requiring difficult and very complex responses on the part of our policymakers. I trust that in a spirit of cooperation and bipartisanship we can continue to work together, as we have in the past, to make certain that there is continuity in our foreign policy.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUE

COSTLY NATO DECISIONS SHOULD BE REVIEWED -- FOLLOW-ON-TO-LANCE MISSILE & THE F-16 TRANSFER FROM SPAIN TO ITALY

SENATOR INOUE: Mr. Secretary, the Executive Branch still supports two controversial NATO decisions despite their high cost, reduced military rationale, and indifferent or negative positions by key allied nations. These actions are to undertake a Follow-On-To-LANCE nuclear missile program and to transfer to Italy the F-16s expelled by Spain.

Is it reasonable and prudent to continue the Follow-On-To-LANCE program, in view of German opposition? What would be the basing mode for these missiles?

MR. KIMMITT: At the NATO Summit last May, the Alliance decided that the question of deploying the follow-on-to-LANCE would be dealt with in 1992 in the light of overall security developments. At the same time, the Allies encouraged continued funding for FOTL research and development. We are certainly aware of the continuing political change in Eastern Europe. As Secretary Baker has said, events have moved a great distance since last May. However, until the Alliance decides that the requirement for FOTL research and development no longer exists, we intend to fulfill our commitment to continued funding of the FOTL program.

SENATOR INOUE: Given the decreasing threat of a Soviet attack in Central Europe, and even against NATO's flanks, why is it necessary to continue the F-16 transfer to Italy?

MR. KIMMITT: NATO has a requirement for visible, flexible, and immediately available military strength in the Southern Flank of NATO. Politically, the 401st Tactical Fighter Wing provides visible evidence of such strength. Transferring the 401st Tactical Fighter Wing to Italy will bolster Alliance solidarity and preserve a key aspect of the U.S. defense commitment to Western European security. As far as an assessment of changes in the Soviet's capability to launch an attack, the Secretary of Defense is in a better position to comment.

SENATOR INOUE: NATO has yet to decide the complicated allocations for reducing its troops and aircraft under the expected Conventional Arms Control Treaty. Can we be certain that the F-16s and associated military personnel to be transferred to Italy actually will remain in Europe after a treaty is implemented? How can we be sure that a follow-on treaty will not eliminate these forces shortly after their costly transfer?

MR. KIMMITT: Neither the Eastern nor the Western proposals on the table in Vienna would require cuts in NATO aircraft that would be so large as to affect the 401st Tactical Fighter Wing. Since the primary objective in allocating CFE-mandated reductions among NATO nations

will be to retain the most modern and capable Alliance forces overall, the F-16s and associated military personnel to be transferred to Italy should be retained.

With respect to a possible CFE follow-on treaty, it is premature to speculate about what would be the subject of such talks.

INTERNATIONAL TERRORISM AND EASTERN EUROPE

SENATOR INOUE: Mr. Secretary, for many years, Eastern European nations have provided money, training, and logistical support for numerous international terrorist organizations. With the recent political transformation of these countries, it is unlikely that terrorists will be able to take advantage of the safe havens they once so freely enjoyed.

What success has the United States had in enlisting the new democratic governments of Eastern Europe in the fight against international terrorism?

MR. KIMMITT: There clearly are opportunities for improved counter-terrorism cooperation with the democratic governments of Eastern Europe. We have indications that a new approach from us on counter-terrorism would be welcome and treated with the seriousness the issue deserves. Of course, we will be looking for actions and not just improved rhetoric. We have been encouraged by the good will and effort Czechoslovakia has shown in working with the U.S. and other countries to develop an international agreement in ICAO to tag plastique explosives. We are looking forward to gaining these countries as new allies in the fight against international terrorism.

SENATOR INOUE: Is there any evidence to suggest that new countries are emerging as terrorist havens to replace those lost in Eastern Europe?

MR. KIMMITT: There is no evidence so far to this effect. We are alert to the possibility that terrorist groups may still try to operate in Eastern Europe, and we will be watching the situation closely.

SENATOR INOUE: What countries of Eastern Europe have been less cooperative in the fight against international terrorism than you would like to see?

MR. KIMMITT: Frankly, in the past you could have said that all of the Eastern European countries had been less cooperative than we would have liked in the fight against terrorism. Each of these countries will no doubt evolve at its own pace. There will no doubt be setbacks in some areas and uneven movement in others. But we expect all of these countries to improve their efforts to combat terrorism. Democracy is often the target of terrorism. Those countries making the most progress toward democracy probably will be the most interested in counter-terrorism cooperation.

SENATOR INOUE: Should the Congress use a country's cooperation in the fight against international terrorism as a litmus test when it deliberates over the allocation of foreign aid? If not, why not?

MR. KIMMITT: Congress already gives a very high priority to the terrorism issue by prohibiting foreign assistance to countries which the Secretary of State determines have repeatedly provided support for international terrorism. Existing laws continuing provisions on the matter include the Anti-Terrorism and Arms Export Act of 1989 (P.L. 101-222) and the Export Administration Act of 1979, Section 6 (j), and Foreign Assistance Act of 1961, as amended. Additionally, the 1989 Foreign Operations Appropriations Act, Sec. 567 (P.L. 100-461), directs the U.S. representatives to international financial institutions to vote against loans to countries on our terrorism list. Cooperation, or the lack of it, in dealing with international terrorism, is a very important facet of our relations with other countries, and should be among the factors taken into account in the consideration of foreign aid levels.

AMERICAN DIPLOMACY IN AN ERA OF CHANGE

SENATOR INOUE: Mr. Secretary, in only a matter of months the State Department has found itself having to cope with political changes in Europe of a type, and of a pace, few could have imagined.

How will the Department, in the pursuit of its national security role, adjust to the new requirement for increased staffing both in Washington and its missions abroad?

MR. KIMMITT: Senator, the changes now taking place in Eastern Europe, the USSR and elsewhere constitute a reordering of power and influence which rivals the changes that took place in 1918 and 1945. This situation of course requires strong and creative leadership on the part of the United States, so that we are able to meet the challenges presented by these startling and extraordinary new developments.

In addition to the European Bureau, every functional bureau in the Department of State is devoting resources to respond to the changes and opportunities occurring in Eastern Europe. Deputy Secretary Eagleburger has been appointed as the U.S. Government's Coordinator for Assistance to Eastern Europe. The Deputy Secretary and his special adviser, Ambassador Robert L. Barry, are working directly with the more than 20 U.S. Government agencies in coordinating U.S. aid to the region.

With regard to the Department's own operations, we are currently reviewing the staffing and financial resource requirements for our Embassies in Eastern Europe and the Soviet Union. Secretary Baker has already announced our intention to reopen our consulate in Bratislava. We are also studying the desirability of opening other new posts in the region in order to take advantage of the opportunities presented to the U.S. by recent events. On the basis of a preliminary assessment of staffing requirements, we are contemplating a shift of

150-200 positions to Eastern Europe and the Soviet Union -- less than one percent of our worldwide staffing level, but still a major increase in our presence on the ground. We are reviewing worldwide staffing to determine how additional resources might be provided.

SENATOR INOUE: What success is the Department having in increasing the number of Eastern European analysts on staff and training its Foreign Service personnel in the languages of the region?

MR. KIMMITT: Senator, one might say we are "recruiting" within the Foreign Service to attract the best people we can to serve in Eastern Europe and the Soviet Union. Several administrative measures -- such as language incentives -- are being implemented to draw from our own resources those people who already have experience, educational background for expertise in the region, and encourage them to take assignments dealing with Eastern European and Soviet issues.

All employees, including contractors, assigned to Eastern Europe are now required to take a course entitled "Orientation for Eastern Europe and the Soviet," at the Foreign Service Institute.

With respect to language, we are taking an inventory of language skills within the Service to identify, for example, those Foreign Service personnel who may never have tested in an Eastern European language, but have such skills from their pre-Service or family experience. We have increased dramatically the number of language-designated positions in the Soviet Union and in Eastern Europe, and are already providing more language training for personnel assigned to those posts than we did only a few years ago.

We believe these efforts will result in an increased number of Foreign Service personnel with the experience and expertise to meet the challenges ahead. If they do not, we are prepared to look at additional means to deal with these historic opportunities.

SENATOR INOUE: In what areas is there the greatest difficulty in coordinating U.S. foreign policy with the rapid change taking place in the U.S. security posture overseas?

MR. KIMMITT: The avalanche of events -- the democratization of the East, the crumbling of the Warsaw Pact's military structure, the withdrawal of Soviet forces from Czechoslovakia and Hungary, CFE, and most importantly the imminent unification of Germany -- has important implications for our security posture in Europe. Much of this has been happening so fast that it would appear difficult to keep policy in line with events. The cornerstone of our transatlantic partnership -- NATO -- has nevertheless continued to be a stabilizing force and an effective means for aligning U.S. and Allied policy with the new, emerging security environment.

It is clear that the changes we have been discussing add up to a net increase in European security. They do not imply that our task is finished, however. We must continue to work within the NATO Alliance to consolidate these changes and to enhance the Alliance's ability to ensure our common security in a time of rapid and unforeseen change.

SENATOR INOUE: Please describe your vision of the NATO Alliance in the year 2000. Does the State Department have any studies underway which will attempt to provide guidance on the future direction of the Atlantic Alliance? If so, who is participating in these reviews?

MR. KIMMITT: I see NATO continuing to be the primary mechanism for ensuring peace, security and freedom for its members in the Atlantic area. Naturally, as the threat from the Warsaw Pact and the Soviet Union recedes, the military component of the Alliance will grow relatively less important and its political dimension become more salient. NATO has always been a political as well as a military alliance, and I see it expanding existing roles and taking on new ones in the interest of increasing U.S. - European cooperation across the military, economic and political spectrum. We shouldn't forget, however, that NATO's mission to provide for the collective defense of its members will continue to be necessary regardless of the specific level of threat at any given time.

At present the State Department has no formal study or special review underway to chart the future course of the Alliance. We continue, however, to give thorough consideration to this important question in the normal course of the policy making process.

SENATOR INOUE: Do you envisage a greater role for the North Atlantic Assembly (the inter-parliamentary forum for NATO), in coordinating NATO's transition from principally a military alliance to a politico-military alliance?

MR. KIMMITT: The political function of the Alliance -- linking the democracies of Europe and North America in addressing the challenges and opportunities facing them -- is not new, but it will become even more crucial as both Western and Eastern Europe enter a time of change. In this context, the North Atlantic Assembly provides an important forum for parliamentarians to discuss problems of common concern and to strengthen cooperation and understanding among the Alliance countries. I fully expect the NAA will continue to play a key role in maintaining the transatlantic political and security consensus.

IRAQ, ARMS, AND THE BANK OF LAVORO SCANDAL

SENATOR INOUE: Mr. Secretary, an investigation is now underway by the Justice Department to determine whether as much as \$1.7 billion provided to Iraq through the Department of Agriculture's commodity credit program, may have been illegally used for the purchase of arms and components connected with the Condor II ballistic missile project. Allegations of possible wrongdoing surfaced in August when the U.S. Federal Reserve found that the Atlanta, Georgia branch of Italy's Banca Nazionale del Lavoro had extended unauthorized credit of nearly \$3 billion to Iraq since February 1988.

Is the Department of State conducting its own investigation into this matter?

MR. KIMMITT: The Justice Department is investigating possible illegal actions committed in connection with transactions entered into by the Atlanta branch of the Banca Nazionale del Lavoro (BNL). A number of other Federal agencies are involved in the investigation, including the Department of Agriculture, which is empowered to investigate allegations of misconduct in connection with the programs of the Commodity Credit Corporation (CCC). BNL's Atlanta branch allegedly made some \$800 million in unauthorized loans to Iraq that were guaranteed by CCC. The State Department, which has no independent investigative authority, has no active role in this investigation. We are, of course, following developments closely.

SENATOR INOUE: Is the Department of State undertaking any review of U.S.-Iraq relations in light of the Lavoro scandal?

MR. KIMMITT: The BNL case is still under investigation by a number of federal agencies. The State Department has received no indication of misconduct by the Iraqi Government in connection with the BNL investigation. We would reexamine the situation if that were to change.

SENATOR INOUE: What action should be taken against Iraq if the allegations regarding the diversion of funds for arms purchases prove correct?

MR. KIMMITT: To our knowledge, there is no evidence

or credible allegation of diversion of funds for arms purchases in connection with the BNL case.

SENATOR INOUE: Do you have any information to substantiate recent reports in the London Financial Times that other companies linked to the high-tech flow to Iraq include the American firms Tektronix of Oregon and Hewlett-Packard of California?

MR. KIMMITT: There is no information to suggest that either of these firms has done anything illegal in its dealings with Iraq.

TECHNOLOGY TRANSFER TO EASTERN EUROPE

SENATOR INOUE: Mr. Secretary, many experts, both inside and outside of the Government, are concerned that the easing of tensions between East and West will lead to a relaxation of export controls on critical technology. Already, efforts are afoot in Europe to hasten the export of technology that up until now has been banned. I believe, however, that the times demand prudence and that any change in technology control regime should be undertaken with caution and only after thorough study.

When can we expect the Administration to complete its broad strategic review of technology export restrictions to the East?

MR. KIMMITT: The Presidentially mandated strategic review of our COCOM policy toward Eastern Europe and the USSR has several deadlines. The first was a mid-January deadline for the formulation of interim proposals on near-term adaptation of COCOM controls to the changes in Eastern Europe. These proposals were the basis of the U.S. position at the special meeting of the COCOM Executive Committee, February 14-15. The next deadline is the end of March at which time the Joint Chiefs and Intelligence Community are to have completed their comprehensive review of key issues related to the transfer of strategic technology to the USSR and Eastern Europe. The final deadline is late April at which time the Secretary of State, in coordination with the Secretaries of Defense, Commerce and Energy, is to have prepared a comprehensive proposal, based on the findings of the studies completed in March, for the modernization of COCOM controls and procedures.

SENATOR INOUE: Is it true that Poland, Hungary and Czechoslovakia have pledged to set up a system of controls to monitor use of western technology? How will such a system work?

MR. KIMMITT: As you have noted, the governments of Hungary, Poland and Czechoslovakia have expressed willingness to establish safeguards to protect Western technology entering their borders from unauthorized transfer. We have invited officials of those governments to Washington to pursue their offers. Those discussions will focus on technical issues, and be conducted, on our side, at the office director level. while we expect

these discussions to commence in the near future, no dates have been set. as talks have not yet begun, we cannot state with any certainty at this time how these safeguard systems would work.

SENATOR INOUE: While there have been dramatic changes in the political structure of Eastern Europe, is there any indication that the intelligence links between Moscow and the newly democratic states have changed?

MR. KIMMITT: We believe that the new leaders in Eastern Europe are seeking to turn their security and intelligence services into organizations that serve the national interests of their emerging democratic political systems. This will inevitably mean changes both in long-standing relationships with other countries and in methods of operation. The pace of change in the intelligence relationships will undoubtedly vary from country to country, as each charts its own political course, defines new interests, and formulates its own international perspectives.

For our part, we believe that continued liaison relationships designed to acquire technology through espionage are not compatible with a new relationship of trust and support. In view of their importance, we will continue to monitor developments in the security and intelligence arenas very closely.

FOREIGN POLICY PRIORITIES

SENATOR INOUE: Mr. Secretary, President Cerezo of Guatemala has criticized the United States for cutting aid to his country by approximately \$30 million during this fiscal year. Similarly, President Aquino has lashed out at the U.S. for failing to live up to its pledge of continued support by providing almost \$90 million less than Manila had hoped. In these as well as other cases, the United States is accused of placing its interest in Eastern European democracy ahead of its commitment to traditional democratic friends in other parts of the world.

What influence did the diminished East-West military threat have on your decision to reduce promised levels of aid to countries like Guatemala and the Philippines.

MR. KIMMITT: The Administration's decisions on FY 1990 security assistance allocations were constrained by the shortfall in appropriations of approximately \$219 million in foreign Military Financing (FMF) and \$138 million in Economic Support Funds (ESF). These shortfalls were further complicated by a high level of earmarking and other country or program-specific restrictions that amounted to 92% in FMF and ESF. This combination of high earmarking and funding shortfalls, a trend that has existed for the last several years, resulted in zeroing out 13 FMF programs and 14 ESF programs in FY 1990 and in shortfalls to most unearmarked accounts, including the two you mentioned. In the case of the Philippines, however, it should be noted that its

total U.S. assistance package increased by approximately \$195 million between FY 1989 and FY 1990 despite severe U.S. budget constraints. Shortfalls in security assistance allocations in FY 1990 are not a result of programs for Eastern Europe or a change in the Administration's view of global or regional threats.

SENATOR INOUE: Do you see any historical irony -- indeed a contradiction -- in the United States shifting resources out of its military budget to assist East European nations still formally a part of the Warsaw Pact alliance?

MR. KIMMITT: The assistance for Eastern Europe is in the clear interest of the United States and works toward a stable Europe that is whole and free. The assistance is complementary to U.S. security needs, strengthening the movement toward democracy and market economies. In helping to build democratic institutions and market economies, we are speeding the end of the unnatural division of Europe, a security concern of key interest to the U.S.

A RENEWED U.S. - ARGENTINE MILITARY RELATIONSHIP?

SENATOR INOUE: Mr. Secretary, reports out of Argentina tell of an economy on the verge of collapse and a government in crisis. With prices once again spiraling out of control, the economy in a deep recession and more that a quarter of Argentina's 12 million workers underemployed or out of work, many observers are predicting that the Peronist government of Carlos Menem may have to resort to repressive measures to forestall the growing specter of civil unrest. With such a worrisome prognosis, and a long history of human rights abuses by the Peronists, why has the Administration decided to provide Argentina with personnel and helicopters under a new Foreign Military Sales grant program valued at \$1 million -- equipment that could easily be used against the civilian population?

MR. KIMMITT: Argentina does have severe economic problems but we have seen no signs that President Menem's government is in crisis. We expect any social unrest which may occur would be controlled without recourse to repressive measures. President Menem is fully committed to respect for human rights and we are not aware of any human rights abuses by his administration. We believe IMET and Foreign Military Financing support programs for Argentina would further strengthen its democratic civilian government by helping to depoliticize and professionalize the Argentine military.

SENATOR INOUE: Has Argentina ceased its cooperation with Iraq and Egypt on the Condor II ballistic missile?

MR. KIMMITT: President Menem and Defense Minister Romero have stated recently that Argentina has halted its participation in the Condor II project. We welcome these statements which indicate the Argentine government is responding to our concerns about Condor. Further details can be provided in a classified discussion.

SENATOR INOUE: What other equipment, as alluded to in your presentation document, will the Administration be providing to the Argentine military to assist in its modernization program?

MR. KIMMITT: The proposed FY 91 FMF program could be used to continue the Army's refurbishment program, currently managed on a cash basis, for their M-113 personnel carriers and UH-1H helicopters -- with total refurbishment costs estimated at \$2.5m and \$8.5m, respectively. Additionally, FMS money could be used to purchase rudimentary spare parts for US supplied equipment that are needed by the Argentine armed forces.

SENATOR INOUE: Have any Argentine military officers trained in the United States IMET program been implicated in human rights abuses under this, or any previous Argentine regime?

MR. KIMMITT: We have seen no signs of human rights abuses under the Menem government. A lengthy review by the Defense Department would be necessary to determine if any officers trained under the IMET program were implicated in human rights abuses under previous Argentine governments.

QUESTIONS SUBMITTED BY SENATOR BYRD

GERMAN UNIFICATION AND SOVIET SECURITY INTERESTS

SENATOR BYRD: The rapid pace of German unification has made it all the more important to plan future European security arrangements that will be stable and peaceful. The Soviet Union's view of its own interests will be a key factor in the acceptability and future viability of such arrangements. The United States has argued that membership of a unified Germany in NATO will ultimately serve the interests of all, including the Soviet Union. NATO membership of a unified Germany would be a bitter pill for the Soviets to swallow. What political or military guarantees of Soviet security interests would the United States be prepared to offer, or to support if offered by Germany, to ensure that European security arrangements are stable and sustainable in the future?

MR. KIMMITT: As U.S. public statements on German unification have made clear, it is our firm view that the process of unification must take into account the legitimate concerns of Germany's neighbors. This includes the Soviet Union, as well as other countries in Europe. We have also made it clear from the first that we desire a solution to the unification issue which is peaceful and stable, and contributes to long-term European security. We believe that our Western partners in the Two-Plus-Four process -- the FRG, Great Britain, and France -- share our view. We and the FRG have publicly stated our willingness to work out special security arrangements for present GDR territory for some period. This would entail not stationing NATO troops on that territory. We believe it essential, however, that a unified Germany continue to be a NATO member. In cooperation with our Western partners, especially the FRG, we will convey to the Soviet Union our view that NATO membership of a unified Germany will be a stabilizing factor enhancing the security of all European nations, including the Soviet Union.

QUESTIONS SUBMITTED BY SENATOR DeCONCINI

U.S. AND SOVIET FOREIGN ASSISTANCE

SENATOR DECONCINI: I noticed in your testimony that you put total Soviet economic assistance in 1989 at \$8.6 billion. U.S. bilateral economic assistance in 1989 was \$6.3 billion. According to your testimony, Soviet arms transfers in 1989 amounted to \$16.5 billion. I do not know if this is comparable to our own military assistance, but our military assistance budget in 1989 was \$5.5 billion. I find it difficult to believe that with only half of our GNP the Soviets are out-spending us on foreign assistance. Can you compare the U.S. and Soviet foreign assistance programs?

MR. KIMMITT: On the Soviet side, over half of their \$16.5 billion in military assistance went to seven countries -- Cuba, Vietnam, Afghanistan, Nicaragua, Ethiopia, Angola and Cambodia. The latter five were fighting insurgencies in 1989. The Soviets say that arms deliveries to Nicaragua and Cambodia have been cut off, and that they have been drawing down assistance to ANGOLA and Ethiopia.

The \$16.5 billion in military assistance also includes Soviet military sales to foreign countries. Revenue from these sales to such countries as Iraq, Libya and Algeria accounts for as much as 20% of Moscow's hard-currency earnings. Moscow also continues longstanding military supply relationships with such countries as Syria and India.

Approximately 75% of Soviet economic assistance of \$8.6 billion in 1989 went to Cuba and Vietnam. Other recipients of Soviet economic assistance included Laos, North Korea, Mongolia and Cambodia. Some Soviet officials -- including members of the Soviet legislature -- have said that they are increasingly concerned about the drain of foreign assistance on their economy, and have indicated they want to cut back overall economic assistance to third world countries.

On the U.S. side, foreign military assistance in 1989 amounted to \$4.7 billion; Israel and Egypt received about \$3 billion. Other major recipients included Pakistan, Turkey and the Philippines.

U.S. foreign military sales agreements amounted to about \$11 billion. Almost \$7 billion of these agreements were with countries in the Middle East. The \$11 billion total included sales either financed by the recipient countries, or financed with U.S. military assistance funds. In addition, U.S. - licensed commercial military exports totaled \$4.3 billion in 1989; just under half of these exports went to our NATO allies.

U.S. economic assistance in 1989 amounted to approximately \$6 billion. The major recipients of economic assistance were Israel, Egypt, Pakistan, the Philippines, El Salvador and Bangladesh. Economic assistance supports development projects, food assistance

programs, balance of payment support and commodity imports.

IRAQI MISSILE TECHNOLOGY

SENATOR DECONCINI: Mr. Kimmitt, the Iraqi Government announced not too long ago that it had successfully launched a satellite into orbit. We also know that Iraq has used chemical weapons. Can you tell us what this means in terms of Iraq's ability to deliver chemical weapons at long range?

MR. KIMMITT: Iraq did not put a satellite into orbit. It tested the first stage of what it hopes will eventually be an orbital launch vehicle. It is not yet ready to be used as a weapons delivery system or for launching satellites.

SENATOR DECONCINI: Can you tell us where Iraq obtained the technology to produce this launch capability?

MR. KIMMITT: At this point, our best estimate is that the December 5 launch was based on SCUD technology previously supplied by the USSR.

SENATOR DECONCINI: If Western firms were involved, were all the shipments made prior to the signing of the Missile Technology Control Regime (MTCR)?

MR. KIMMITT: Given the lack of reliable, detailed information, we cannot substantiate a connection between the December 5 launch and Western support for Iraq's missile programs, including the Condor. Some uncontrolled secondary items not covered by the MTCR, such as widely available personal computers, may have been used in the launch.

SENATOR DECONCINI: Would the present MTCR prevent a similar technology transfer? If not, what improvements are necessary?

MR. KIMMITT: Since the MTCR is an agreement among Western nations, it did not apply to previous Soviet transfers of SCUD declaration at the February Moscow ministerial that they adhere to the guidelines of the MCTR.

INDO-PAKISTANI TENSIONS OVER KASHMIR

SENATOR DECONCINI: Mr. Under Secretary, India has already detonated a nuclear explosive device and has a satellite launch capacity. At least in the recent past, Pakistan has made production of a nuclear explosive a national priority. It may also have an interest in a missile launch capacity. As shown by the Kashmir crisis, tensions between these two nations can rise rapidly. Is there anything the U.S. should be doing to defuse this situation?

MR. KIMMITT: We are concerned at the recent flare-up of tensions between India and Pakistan over Kashmir. We

have urged both India and Pakistan to cool public rhetoric about Kashmir which could lead both countries unwittingly towards a conflict neither of them wants. We have urged the Government of Pakistan to avoid any action which might be construed as support for militants in Indian-held Kashmir. We have urged the Government of India to seek a political dialogue with responsible elements in Kashmir to work towards a peaceful resolution which would meet the legitimate political and economic needs of the population.

The leaders of both countries have repeatedly stated that they do not want another war. Their actions thus far support those words. We have seen no signs that either country is preparing for war beyond taking normal defensive precautions. We think that the best framework for a resolution of this dispute can be found in the 1972 Simla Agreement, in which both India and Pakistan agreed to resolve their dispute over Kashmir peacefully and in bilateral channels, without prejudice to their positions on the status of Kashmir.

We have a longstanding policy of encouraging both countries to restrain their nuclear programs and avoid the acquisition of nuclear weapons. Similarly, we have made clear our serious concern about the development and deployment of long-range missiles by either country. We have encouraged both India and Pakistan to begin a discussion aimed at finding ways to reduce the risk of a nuclear arms race in South Asia. Their pledge not to attack each other's nuclear facilities is a good starting point for considering additional confidence-building measures. We hope that India and Pakistan will reach an understanding on the nuclear issue, so that unexpected political developments and tensions do not undercut efforts by New Delhi and Islamabad to avoid a nuclear arms race.

MISSILE AND CHEMICAL PROLIFERATION

SENATOR DECONCINI: Mr. Kimmitt, I have written you earlier about setting up an office in the State Department to coordinate U.S. policy on the proliferation of chemical and biological weapons and missile technology. I understand that an office with similar responsibilities has now been established in the Political/Military Affairs Bureau. Can you tell me how State is set up to handle proliferation issues and how U.S. policy is coordinated among the various interested Departments?

MR. KIMMITT: The Under Secretary for Security Assistance, Science and Technology coordinates missile, chemical and biological weapons proliferation policy. He chairs the interagency Policy Coordination Committee (PCC) on non-proliferation, which includes nuclear, chemical and biological weapons (CBW), and missiles. All of the relevant executive agencies are represented on the PCC.

Within the Department of State, the Politico-Military (PM) Bureau's new Office of Proliferation Policy (PM/PRO), created in November 1989, has primary operational responsibility for missile and CBW non-proliferation. PM/PRO, with a staff of nine, works directly under the PM Deputy Assistant Secretary for Proliferation. The licensing review of precursors and nearly all other foreign policy controlled commodities remains the responsibility of the Bureau of Economic and Business Affairs (EB).

Several working level groups conduct the technical and practical elements of policy. On CBW, the CW Interagency Working Group and the CW Task Force, chaired by PM/PRO, address policy issues; and the CW Licensing Working Group, chaired by EB, reviews U.S. domestic policy on CBW-related exports. On missile technology, the Missile Technology Export Control Group (MTEC) reviews license applications for missile-related exports, and the Missile Trade Analysis Group (MTAG) monitors foreign involvement in ballistic missile and space launch vehicle programs. Both of these groups, which meet every two weeks, are also chaired by PM/PRO and include representatives of all relevant executive branch agencies.

Policies in both the missile and CBW areas are drafted at these working levels and passed for discussion to the Sub-PCC chaired by the DAS for Proliferation. When there is not a consensus, issues are raised to the PCC for resolution, and if necessary to the Deputies Committee.

SENATOR DECONCINI: Not too long ago, Mr. Under Secretary, I had to send back a report from the State Department on missile proliferation. While the report gave an interesting theoretical discussion of what an effective missile proliferation regime might include, it fell well short of the legislative requirement of presenting an administration plan of action on the proliferation problem. Can we expect to see a coherent explanation of administration policy in the near future?

MR. KIMMITT: We regret that you were disappointed by the report on missile non-proliferation. It did, however, contain an accurate statement of our policy. Since then, that policy was elaborated in testimony given by Assistant Secretary for Politico-Military Affairs Richard A. Clarke, in both open and closed hearings before the Senate Foreign Relations Committee on October 31, 1989. To summarize from Mr. Clarke's testimony, our policy on missile proliferation is fourfold. We seek to:

- deny the sale or acquisition of missiles in accordance with our missile non-proliferation goals;
- delay acquisition by increasing the time and resources needed to develop or buy missiles;
- increase international pressure on supplier countries to refrain from selling key equipment and technology;
- limit potential damage to our policy or interests where missile acquisition cannot be prevented or delayed.

We are committed to a long-term effort to fight the threat of missile proliferation, and have taken a strong lead in articulating an effective missile proliferation policy. The Department of State welcomes your concern about the issue, and we look forward to working with you on it. In particular, we expect to respond to your letter returning the report shortly.

QUESTIONS SUBMITTED BY SENATOR BUMPERS

DEFENSE SPENDING

SENATOR BUMPERS: In your unclassified testimony you say that any Soviet offensive against Western Europe is now immensely more difficult as a result of recent changes. Since the bulk of our defense budget is directed against exactly this threat, isn't a 2% reduction in funding a rather modest response to this change in the Soviet threat?

MR. KIMMITT: A longer warning period doesn't mean the Soviet threat has disappeared. Moreover, political decisions are reversible and a prudent and coherent defense posture must be maintained.

History has shown time and time again that democracies rush to disarm ahead of the curve of events. We want to avoid that syndrome, but are prepared to consider further reductions, in full consultation with our Allies, as events warrant.

President Bush noted recently that our threat is instability and unpredictability. Remarkable democratic changes are sweeping across Eastern Europe as well as the Soviet Union and the promise of a CFE Treaty is but another sign of positive change. However, these same forces for change can have a destabilizing effect and we cannot risk preemptive or too rapid a reduction in our forces betting that all of these changes will take place without friction.

SDI AND THE ABM TREATY

SENATOR BUMPERS: According to information recently released by the SDI office, deployment of the Brilliant Pebbles-based Phase I of SDI would begin in 1997. This information shows that we would need to begin violating the ABM Treaty by the end of 1994. Our intention to do this would need to be announced a couple of years before this. What do you think the reaction of our NATO allies will be to our violating the ABM Treaty, given the current European environment?

MR. KIMMITT: The Brilliant Pebbles program is in an early stage of development and is consistent with U.S. obligations under the ABM Treaty. The United States has no intention of violating ABM Treaty requirements at any point during the SDI program. The U.S. has tabled at the Defense and Space Talks in Geneva a draft treaty which would allow for a cooperative transition to a more stable strategic balance with increasing reliance on strategic defenses, should they prove feasible. Our NATO allies are supportive of the U.S. position in the Defense and Space Talks.

KOREA: U.S. MILITARY PRESENCE

SENATOR BUMPERS: At a rate of 5,000 troops over three years, it will take 25 years for the U.S. to

completely withdraw its forces from South Korea. That would be the year 2015. Yet General Menetrey, the head of U.S. Forces in South Korea, was quoted last August as saying that if current trends continue, "There should be stability on the (Korean) Peninsula without the United States being part of the equation in the mid-1990's." As long as we maintain our security guarantees to the south, why can't we remove our forces more quickly, as General Menetrey suggests?

MR. KIMMITT: The presence of U.S. combat forces in the Republic of Korea remains a key symbol of the U.S. commitment to peace and security on the Korean peninsula. We have no timetable for the phased reduction of U.S. forces from Korea. Following a recent review, we have concluded that we can make some reductions in non-combat U.S. forces in Korea. DOD will report to Congress on these adjustments on or about 1 April. We will make these reductions following consultations with the ROK military.

U.S. forces will remain in Korea as long as we and the ROK believe there is a threat of external aggression from the North. The scale and positioning of North Korean forces is threatening. In the 1980s, the DPRK propositioned the bulk of its ground forces close to the DMZ and Seoul in well-dug in positions on a North-South axis. They have also repositioned combat consumables well forward to support a possible attack. While we can only estimate DPRK military strength, absent data exchanges and other transparency measures, the numbers add up to a threatening posture. In the 1980s, based on our analysis, the North Korean army expanded by about 25 percent to about 930,000 men. By comparison, the ROK active duty army has 650,000 men. Overall, the North Korean military has more than one million men under arms, including the world's largest special operations force. DPRK ground forces have a substantial advantage in tanks and long-range field artillery (both 2:2) and even larger advantages in other categories of weapons. The North's air force is twice as large as the ROK's air force, and its navy is also larger than the South's.

Although the South's economy is much larger than the North's, the DPRK spends 20-25 percent of its GNP on military preparations, versus about 5 percent of GNP in the South. Unlike the situation in Europe, there has been no progress on transparency-style confidence-building measures. As you know, North Korea is one of the most closed societies in the world. If progress can be made in coming years on confidence-building measures, perhaps the stage can be set for verifiable arms reductions, as we have seen in Europe. We will work to urge North Korea out of its isolation and towards the kinds of confidence-building measures that have improved security in Europe. Whatever the outcome of our efforts, we will maintain our security commitment to the Republic of Korea. In support of our commitment, in consultation with the ROK, we will

maintain an appropriate level of ground, air and naval forces on the Korean Peninsula.

BUDGET REQUEST FOR THE FOLLOW-ON-TO-LANCE MISSILE

SENATOR BUMPERS: It is clear that the Germans don't want the follow-on-to-LANCE missile at all in this new environment, and that NATO will soon modify its stance on this issue. News reports quote one senior German official as saying that whenever anyone brings up the subject of LANCE follow-on, "We all just laugh." I recognize that we have a commitment to our NATO Allies on the missile, and leaving a little R&D funding is probably needed until the commitment is formally changed. But is it really necessary to request \$112 in R&D which, when added to DOE's request, totals about \$200 million? Why does the budget request for this missile pretend that nothing is happening in Europe?

MR. KIMMITT: At the NATO Summit last May, the Alliance decided that the question of deploying the follow-on-to-LANCE would be dealt with in 1992 in the light of overall security developments. At the same time, the Allies encouraged continued funding for FOTL research and development. We are certainly aware of the continuing political change in Eastern Europe. As Secretary Baker has said, events have moved a great distance since last May. However, until the Alliance decides that the requirement for FOTL research and development no longer exists, we intend to fulfill our commitment to continued funding of the FOTL program. The funding level we have requested is consistent with deployment when the current LANCE system reaches the end of its service life.

GERMANY AND NATO

SENATOR BUMPERS: German Chancellor Kohl has committed to keeping a united Germany in NATO. However, polls indicate he may well not survive the national elections scheduled for next December. The Socialist Party, which has been much more critical of NATO and the U.S. presence in Germany, could take over government leadership. Further, the East German Social Democratic Party, which is aligned with and largely financed by the West Germany Socialists, is expected to win next month's elections in East Germany.

Do you think a Socialist-controlled united Germany would be committed to NATO? What do you think would be the prospects for continued U.S. troop presence in Germany under such circumstances?

MR. KIMMITT: At this point the West German Social Democratic Party (SPD) remains divided on its security policy. To some extent, this indicates that they, just like the rest of us, are having to work hard to deal with the rapidly changing situation in Eastern Europe. Some within the SPD believe it is important to take Soviet

security sensitivities into account, and thus they cannot see how a unified Germany could remain in NATO. Others, however, believe additional factors must be considered -- for example, that a U.S. troop presence is needed as a stabilizing factor.

From the window we currently have into SPD thinking, there seems to be at least interim agreement that the U.S. should continue to play a role in European security, and that a united Germany should not make its security decisions outside of some multilateral institution. With SPD views still in the formative stage, we are taking every opportunity to make clear that continued, full German membership in NATO -- and a continued U.S. troop presence in Germany -- are the best ways to achieve these goals.

KOREA AND JAPAN DEFENSE COST SHARING

SENATOR BUMPERS: What action is the U.S. Government taking to encourage Korea and Japan to increase their share of the costs of maintaining U.S. forces overseas?

MR. KIMMITT: Japan and Korea have moved positively toward a more equitable sharing of the costs and responsibilities of defense.

In addition to Korea's significant commitment of resources to expand and modernize its own defense capabilities, for several years we have discussed a sharing of costs incurred by the United States in defense of Korea. In 1988 the ROK Government agreed to a multi-year program to share the costs of stationing U.S. forces in Korea in four areas: military construction as part of a Combined Defense Improvement Program, Aircraft Depot Maintenance, War Reserve Stocks and improving theater communications. The ROK cost share in these four categories increased from \$40 million in 1989 to a projected \$70 million in 1990. When other ROK on-budget expenditures are included, such as rent for U.S. installations, use of ROK facilities, operations, maintenance and logistical support, we estimate the ROK will expend up to \$320 million in support of U.S. forces in 1990.

Japan has undertaken a major strengthening of its own defense capabilities over the past decade. In addition, it provides significant support for U.S. forces stationed in Japan -- the most generous host nation support of any of our allies. During 1989 Japan provided \$2.2 billion in direct budget outlays to support U.S. Forces Japan. In addition, Japan's provision of rent-free bases and other non-budget contributions, such as waived taxes, landing and port charges, makes its total support over \$2.8 billion. The 1990 defense budget now before the Japanese Diet increases this generous level of support by raising payments to the Facilities Improvement Program by 12.5 percent and a further increase of 27.5 percent in Japan's payment of labor costs on our military bases. At present, Japan assumes approximately 40 percent of the total cost of U.S. Forces Japan.

While recognizing these important contributions, we believe Korea and Japan can and should increase their share of the costs of defense. Our on-going consultations with these two key allies on defense cost sharing have proceeded well, and we will continue our discussions, seeking even further contributions to our mutual defense.

MILITARY BUDGET TO COMBAT TRANSNATIONAL THREATS

SENATOR BUMPERS: You and other administrative officials who have testified before this committee have stressed increasing transnational threats such as terrorism and narcotics trafficking as one justification for continued high levels of military spending.

Can you be more specific about the military capabilities bought by the proposed budget which are critical to combatting such transnational threats?

MR. KIMMITT: A significant portion of the military operating budget provides dedicated flight hours and steaming time that directly support the monitoring and detecting of illegal airborne and maritime drug trafficking and support to U.S. law enforcement agencies. We believe that, in concert with other measures, these military capabilities are critical to combatting the transnational drug threat. As for terrorism, the Department supports threats to U.S. interests, and which deter terrorist actions against our interests. For information beyond this or for specific programmatic data, I would refer you to the Department of Defense.

SUBCOMMITTEE RECESS

Senator INOUE. We will stand in recess until Thursday, March 1, when we will receive testimony in closed session from the Commander in Chief of the Pacific, and the Commander in Chief, United States Forces in Korea.

Thank you very much.

Mr. KIMMITT. Thank you, Mr. Chairman.

[Whereupon, at 12:05 p.m., Tuesday, February 27, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, JUNE 12, 1990

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Leahy, DeConcini, Bumpers, Stevens, Garn, McClure, Kasten, D'Amato, Cochran, and Specter.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF HON. RICHARD CHENEY, SECRETARY OF DEFENSE

OPENING REMARKS OF SENATOR INOUE

Senator INOUE. This morning, the Defense Appropriations Subcommittee completes its final overview hearing into the President's fiscal year 1991 defense budget request. We do this in an atmosphere of growing uncertainty about the course of world events, the leadership role of the United States, and the fate of NATO—the broad alliance of democratic nations which has guaranteed our security since the end of the World War II.

Let there be no doubt about the gravity of the task before us. Our job is not merely to apportion funds, but to see that those funds are apportioned wisely.

Every dollar we choose to spend or not to spend on our national defense is a dollar that carries with it a political statement that resounds in the war rooms, the board rooms, and parliaments of friends and foes alike. It is a decision laden with profound consequences for our children and our children's children, and for the multitudes outside our country, who see in a strong, self-confident America the best hope for freedom and justice in the world today.

Here to help us better to understand the position of the administration in this great debate is the Secretary of Defense, Hon. Richard Cheney. It is to the Secretary that the President, as Commander-in-Chief of our Armed Forces, first turns for guidance in times of crisis, and in peacetime for candid assessment of the threats which may, in the future, confront our Nation.

If safeguarding the national defense is the first duty of government, then it is the Secretary of Defense who stands first among equals in the President's Cabinet.

It is a pleasure, sir, to have you here with us this morning.

IMPACT OF DEFENSE REDUCTIONS

There is nothing academic about the discussion that we are about to have. The reductions being proposed in fiscal year 1991 are real reductions. The personnel they will impact are real people. The jobs that will be lost in our defense industries and our communities are real jobs. Though I stand ready to eliminate unnecessary defense expenditures, as required, I will do so only in ways which minimize the social dislocations that are bound to be caused in our domestic economy.

Complementing that concern is my firm conviction that cuts in our overall force structure must be made only after there is clear and verifiable proof that our country and its interests abroad are secure. It is impossible for me to be anything else but resolute in the conviction that a lasting peace is one which is backed by strength.

A wise Benjamin Franklin once said, "Love your neighbor, but don't pull down your hedge."

As I look to the East and see the difficulties which now beset Mr. Gorbachev and his armed forces, it gives me great pride to reflect upon the professionalism of our volunteer soldiers, airmen, sailors, and marines.

Every American knows he can count on these brave men and women to defend the United States and its democratic way of life to the best of their ability. So, it is our job, as civilians, to insure that the heralding of peace does not cause us to break faith with our military, allow the social compact which we have with those in the Defense Establishment to languish, and leave the champions of peace the first victims of their own success.

Mr. Secretary, the harbingers of peace are everywhere to be found. In Eastern Europe, in Latin America, in the Soviet Union, great and powerful forces are at work, shaping our destinies. Men and women are on the march. The sweet scent of freedom is in the air. Yet, as we speak, dark clouds hang heavy over portions of Asia, Africa, and the Middle East, where tyrants continue to reign and weapons of mass destruction abound.

REGIONAL CONFLICT ZONES

The situation in these areas of the world endanger the progress toward peace which we see elsewhere. The so-called regional conflict zones are no less worthy of our concern than is the central European theater, where we have invested so many of our lives and so much of our national treasure these last 45 years.

As we move forward in the budget process, I would ask my colleagues, both here and in the administration, not to lose sight of this most salient fact. History teaches that danger can arise from any quarter and that the worst sin which can befall a free and trusting people is complacency.

So, let me conclude by saying that I am hopeful for the future and confident that we can meet the budget targets contemplated for this subcommittee in fiscal year 1991. There is no masking the fact that these are difficult times for the military, an institution which has served us bravely and honorably over the years and for which we, as a nation, are deeply grateful.

The reductions we may be required to make to reach deficit reduction targets will fall most heavily on those who have served us well and we will not forget that.

Mr. Secretary, it is a pleasure to have you with us this morning. We have received your prepared testimony and we will place that in the record. We will await your opening remarks.

But before we hear from you, I would like to call upon not only a very distinguished colleague, but one who has played an important role in the formulation of policy in this committee.

Senator Stevens.

BRIEF REMARKS OF SENATOR STEVENS

Senator STEVENS. Thank you very much.

Mr. Secretary, I join the chairman in welcoming you today and am sorry to have been late. We have an Alaska bill on the floor today and it is not quite timely for me, Mr. Chairman. But I do hope that we can find a way to explore today some of the problems that we have been discussing.

The chairman and I and our staffs took a trip out to the Pacific, and we are concerned that not enough people are recognizing the still critical position that United States interests are in, in terms of the Pacific Theater. We have a continued buildup in the Soviet Far East and Siberia.

So I look forward to having an exchange with you today.

Again, I'm sorry. I thank my friend for giving me his seat as I came in.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator GARN.

STATEMENT OF SENATOR GARN

Senator GARN. Thank you very much, Mr. Chairman.

First of all, let me compliment you for your eloquent statement. As I have observed what has been going on in the last year, I suppose, like everyone else, I am amazed at the changes and the speed of those changes.

I was in Geneva and Vienna last June for the Arms Control Talks, and again in November, and if anybody had told me in that short period of time about the changes that would have occurred, I simply could not have accepted them. I am pleased and excited by those changes and the opportunity that we have for peace.

On the other hand, I am also equally amazed at how fast our colleagues wish to disarm us. We hear so much about the so-called peace dividend. I would suggest that over the last 45 years the peace dividend has been peace itself, and that there has been a very direct correlation between a strong NATO and a strong United States and the events that have taken place.

Mr. Gorbachev has suddenly not turned out to be a very nice man. He is a very pragmatic man. He has a communist system that has totally collapsed economically in Eastern Europe and in his own country, and he is trying very hard to deal with that. I hope he succeeds.

CAUTION URGED

But, on the other hand, there is a big difference between being a pragmatist and throwing perestroika and a few words like that out. I would suggest that we be very, very careful until we see actions that go with the nice words that we are all pleased with, and that we not make the same mistake a fourth time in this century that we have made three times, where we declare victory, and we come home, and we dramatically and overwhelmingly disarm, and then find that the cost of a buildup when another problem occurs is much more than if we had maintained a strong defense all along.

Mr. Chairman, I do very much appreciate your statement. The responsibility of this Government, and its first responsibility, is to maintain our peace and our freedom. I hope we do not run with the cliches and the peace dividends and make a big mistake once again.

I want cuts and savings in defense as well, but in a moderate, reasonable way, over a period of years, when it is based on those actions that I have spoken of and not just deeds; and that we cut our troops back within the framework of arms control treaties, not unilaterally, so that we have procedures for compliance and verification, and that the Soviet Union also is reducing.

Right now, with all this euphoria, they are dramatically increasing their strategic forces and modernizing them. This seems to be lost in the reporting.

So I would hope this committee would be reasonable and responsible and look at a little bit of history, and do this in a measured way within the framework of arms control treaties.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator SPECTER.

STATEMENT OF SENATOR SPECTER

Senator SPECTER. Thank you, Mr. Chairman. I have just a word or two.

I join in welcoming the distinguished Secretary of Defense here, and I congratulate you, Mr. Chairman, on your words of caution and join with my colleague, Senator Garn, in his expression that we have to approach the defense budget with great care and not overly rely upon what has happened so far with President Gorbachev, because there are many danger signals.

We face a very difficult task in terms of shifting needs, and it is very hard to figure out precisely where our limited dollars should go.

We have the prospects of strategic arms reduction in the offing. We have a totally different picture with the Warsaw Pact declaring, just within the week, that their goals are the same as NATO.

We see the need for flexibility as we take a look at the major incidents of the past few years in the Persian Gulf or in Panama.

So it is, indeed, a tough judgment call.

I had the pleasure yesterday to be at the Army War College in Carlisle, PA, where I had the pleasure of giving the commencement address and shaking hands with several hundred graduates there who are bringing together the kinds of military professionalism and political judgments which we have to make to make the best use of our dollars to protect our country and to provide for world peace.

So we face a very tough challenge, and there are very many unanswered questions that we have to address. I look forward to working cooperatively with the administration and our distinguished Secretary to try to find the best answers.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator McClure.

STATEMENT OF SENATOR MC CLURE

Senator McClure. Mr. Chairman, just let me state that I appreciate your balanced statement and the call for caution. I think that is the hallmark of the most difficult task we face in confronting the changes in a responsible manner. The changes in the world are very real.

NEED FOR START TREATY

We do not yet have a START Treaty, although certainly the administration is trying very hard to accomplish one. Until a START Treaty is accomplished, ratified, and put into effect, there is not one less strategic nuclear weapon aimed at the United States today than there was a year ago or two years ago.

We have some stark realities with respect to military posture that do not yield themselves to the euphoric feeling that some people attach to the changes in Europe. I hope they are real. I hope they are permanent. I hope they continue in the same direction.

But I think we have a tremendously difficult political challenge in this country to be responsible as we reduce military expenditures and reduce our military posture.

The shift of the Soviet Union away from conventional force dominance into some kind of parity is a welcome one when, and if we get that accomplished. But it does not change the strategic deterrence necessarily, in my judgment, and I think we in this committee have a very difficult task, as you have a very difficult task, of being both hopeful and responsible at the same time.

Thank you very much, Mr. Chairman.

Senator INOUE. Thank you.

Senator Cochran.

STATEMENT OF SENATOR COCHRAN

Senator COCHRAN. Mr. Chairman, thank you.

I know that the Secretary has a busy schedule, and we do, too. I don't want to take up any more of his time or the committee's time with a lot of comment.

I think you have one of the toughest jobs in Washington today, sir, and I am confident that you are bringing to that task a lot of conscientious effort to protect our security interests and make sure that we don't overreact to the euphoria that we see developing in connection with the changes in Eastern Europe and the Soviet Union.

We welcome those changes. We hope they bring stability. But we still have, as the Senator from Idaho so well pointed out, a very real threat posed by the nuclear arsenal of the Soviet Union toward this country, missiles targeted to United States targets.

This concerns me, and until we see them aim the missiles in another direction or dismantle those missiles, I think we need to be cognizant of that threat and make sure that we take every precaution to protect the citizens of this country.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Mr. Secretary, a vote is pending at this moment and your statement is so important that I think the whole committee should be here to listen to it.

So, if I may—and I realize that you do have a 12 o'clock engagement—may I call a short recess and we will all come back.

[A brief recess was taken.]

Senator INOUE. Mr. Secretary.

SUMMARY STATEMENT OF SECRETARY CHENEY

Secretary CHENEY. Thank you very much, Mr. Chairman, members of the committee. I appreciate having the opportunity to once again appear before the Appropriations subcommittee.

Since I was last here approximately a year ago, as the chairman has indicated in his opening statement this morning, there have been some truly phenomenal changes in the world. Even those of us across the river in the Defense Department recognize that there have been some phenomenal changes in the world and, indeed, welcome those changes, like all Americans.

What I would like to do, if I might, Mr. Chairman, is submit my prepared testimony for the record. Then I have a few remarks and an opening statement that I would like to offer to the committee on what I think are some of the key elements that I hope the Congress would consider as they contemplate future levels of defense spending this year. I will have a couple of quick charts to show the members, and then I will try to wrap it up in short order so that we can have a dialog and respond to questions.

WARSAW PACT NO LONGER SIGNIFICANT THREAT

I think, Mr. Chairman, the dominant element that is new in the world in the summer of 1990 that was not there a year ago, of course, is the collapse, if you will, of the Soviet position in Eastern Europe. The fact is that the Warsaw Pact, as a result of the political changes that have occurred and the election of noncommunist regimes through the democratic process in most of those nations in

Eastern Europe now, no longer needs to be viewed as the kind of significant threat that it has been for the last 40-some years.

To the extent that we have used that specific threat to structure our forces, to size our forces, to decide upon procurement strategies and so forth, that concern or consideration is rapidly receding.

The budget that we have submitted for fiscal year 1991 does, in fact, begin to embody the kinds of changes that we think are appropriate in force posture, given those changes that have occurred in Europe over the course of the last few months.

I think it is important, as the committee contemplates the 1991 budget that is now before it, that you remember the timing and the sequence of these events. The normal process within the Department is to prepare a 2-year budget. The 1991 budget was the second year of a 2-year package. The basic work for that package was done before I became Secretary.

It has been subsequently modified in very significant ways. But it does not yet embody all of the changes that one would expect to see if all of the positive developments that have occurred over the last several months ultimately indeed do bear fruit.

FISCAL YEAR 1991 TRANSITIONAL BUDGET

So, 1991 is perhaps viewed as a transition budget that starts us in the direction of smaller defense budgets, that starts us in the direction of smaller structures and changes in our procurement strategy. The 1992-97 package that is now in preparation within the Department will, to a much larger extent, incorporate and embody our long-range plans and aspirations running out through 1997.

With respect to the hoped for developments, I think, as you correctly said, Mr. Chairman, it is important to remind people that there is still a great potential for uncertainty and instability in the world; that even with respect to developments in Eastern Europe, it may turn out that it was easier to tear down the old structures than it is to build new ones, and viable economies, and democratically elected governments in that part of the world. Certainly, the state of affairs inside the Soviet Union today is one of great uncertainty.

We, of course, all welcomed President Gorbachev's visit here to Washington the week before last, and those of us who were privileged to participate in the summit I think came away with two basic thoughts fixed in our minds. One is that he obviously, by virtue of his actions as the leader of the Soviet Union, has begun to transform the relationship between the United States and the Soviet Union. His recognition of the right of self-determination of the peoples of Eastern Europe, his response to their drive for democracy is fundamentally different from that of his predecessors and, of course, has been welcomed.

I think most Americans would want to give him credit for the extent to which he has contributed to a significantly improved international environment.

By the same token, you also cannot come away from that summit and help but feel that there is enormous uncertainty about domestic developments inside the Soviet Union. Whether or not we will see a successful transition to a market-oriented economy, the wide-

spread acceptance of democratic principles and practices, and the establishment of democratic institutions inside the Soviet Union are still open questions that will only be resolved in the future.

In the meantime, as Defense Secretary, as was pointed out by many of the members of the committee, I have to worry about Soviet military capabilities, not just Soviet intentions. And Soviet military capabilities today are indeed formidable.

I will not dwell on those at any great length. The point was made that their strategic capabilities continue to improve. There have been no reductions in Soviet strategic capabilities and nuclear weapons targeted on the United States.

ARMS CONTROL

We still have major efforts underway with respect to arms control, trying to negotiate a conventional arms reduction agreement in Europe. As was indicated by statements from members of the committee at the outset, both the President and I think it would be extremely unwise for us to begin taking down European forces when we have not yet completed an agreement.

With respect to strategic arms, while we are very close to wrapping up that agreement, we don't have it in hand yet, and, until we do, I think it is unwise for us to begin to make unilateral cuts outside the framework of those arms control efforts.

FUTURE U.S. MILITARY CAPABILITY

For the longer term, Mr. Chairman, I would like to take just a moment to talk about what I perceive to be sort of the continuing, on-going, requirements with respect to United States military forces in the future, even if you make the most optimistic set of assumptions possible about developments inside the Soviet Union; even if you assume we successfully conclude the arms control agreements now being negotiated, that we implement those agreements and that the Soviets withdraw their forces from Eastern Europe—they have pledged to get out of Czechoslovakia by the middle of next year, but let's assume for the moment that they also take their forces out of Germany in the not too distant future and out of Poland; and assume that the progress inside the Soviet Union continues, and that the threat that the Soviets have represented in the past does, in fact, recede significantly from the problems we have dealt with previously.

Given all of those assumptions, the U.S. still needs significant military capability.

First of all, we are going to have to maintain our strategic deterrent, not only because the Soviets give every indication of wanting to maintain theirs—that is the only thing that qualifies them as a super power—but also, obviously, because there is a growing proliferation of weapons of mass destruction and sophisticated weapons technology in the Third World.

Our strategic deterrent is something that we will continue to require for the foreseeable future, no matter what kinds of assumptions you make about international events.

I think that deterrent ought to be based on both offensive capability and defensive capability.

Second, I think we are going to continue to want to maintain the system of alliances around the world and the forward deployed forces to go with them. I believe we can do that at lower levels than we do today. I think we can afford to cut back in both Europe and the Pacific if we do it carefully and cautiously. But the fact is those alliances have been at the heart of our success for the last 40 years, and it would be a very serious mistake for us now, based on 6 months' good news, to abandon those alliances, abandon our ties with the world's other free nations.

Third, we are going to need to retain some reinforcement capability in the continental United States for those forces that we have forward deployed overseas. Whether you envision a scenario ultimately of having to go back into Europe, or perhaps deal with the problems in Southwest Asia or some place in the Pacific—Korea, for example—the fact of the matter is you want to retain some reinforcement capability in the United States on an Active and Reserve basis.

Fourth, we are clearly going to want to remain a naval power. We are the world's leading naval power today. There is no reason in the world why we should give that up. I think we can probably do it at somewhat lower levels. But the fact of the matter is maintaining the world's sea lines of communication has been and will continue to be crucial for us.

Fifth, I think we are going to want to continue to maintain contingency forces, the kind of forces that are capable of doing what we had to do in Panama last December. And, as the committee meets today, we, of course, have a marine amphibious ready group steaming on ships off the coast of Africa in the event they are needed to rescue Americans or protect American interests in Liberia.

This kind of capability was available to the President on a few days' notice because of the quality of forces that we have out there today, because of their training and their readiness. We could not do that if we implemented some of the cuts that I have seen talked about by some of those who are advocating significantly reduced defense spending.

U.S. TECHNOLOGY BASE

Finally, Mr. Chairman, I think that it is absolutely crucial—and we may want to come back and talk to this during our discussions—it is absolutely crucial for us to focus on our technology base, on our R&D efforts.

Any scenario that I can portray involves one in which military technology is going to become more sophisticated, more complex in the years ahead, and in which the Soviets, as a result of the warming of their relationships with the West, are likely to have greater access to Western technology in the years ahead.

So whatever we do by way of adjustments in our defense posture, it is absolutely crucial that we maintain our capacity to produce sophisticated weapons.

We are clearly in a position now where, when we sit down and try to contemplate the future and think about the foreseeable threats that we'll have to deal with, the kinds of forces I have just

described are adequate to the task. The thing I worry about most, though, is the unforeseeable threat.

The hard part is not taking down the force. That is going to be painful; it is going to be difficult. It is the problem that consumes us at present inside the Defense Department. But the really hard part is reconstituting the force when you need it. That is the test and the challenge, obviously, when we think about the long-term security of the Nation.

All we have to do is think back over the last 90 years, think about the 20th century, and think about what has transpired and the sudden changes in the world's political alignments, the sudden changes in military technology. It seems to me that the safest projection is that to predict that the status quo will continue indefinitely for the next 20 years is wrong. It has not happened any time previously in this century; it is not likely to happen now.

So, as we contemplate reducing the force, I think it is vital that we keep in mind the key elements that will be required when it is time for us to reconstitute the force or for our successors to do so at some point in the future.

One of the things I am struck by during my time as Secretary is the length of time that is involved in the kinds of decisions we make. There is a tendency for us, especially at budget time, when we have to meet a Gramm-Rudman deadline 3 months hence, or wrestle with reducing the deficit in order to avoid the sequester, to think in terms of how we adjust our structure and our forces to deal with that kind of short-term problem.

BUILDING MILITARY CAPABILITY TIME CONSUMING

But I like to hark back to Teddy Roosevelt's day. When Teddy Roosevelt was Assistant Secretary of the Navy, before he became President, he once gave a speech in which he complained about how long it took to build military capabilities. He complained that it took 8 months to build a piece of naval ordnance to go on a ship, and almost 2 years to build a battleship.

We now have in the fleet the *Nimitz*-class nuclear aircraft carrier U.S.S. *Teddy Roosevelt* named after this distinguished former President and Assistant Secretary of the Navy.

From the time Congress authorized that ship until it was a deployable asset, until it was a ship with a fully trained crew and a full-up air wing ready to go to war, 9 years passed, more than twice as long as it took us to win World War II.

That ship will be with us as an asset for 50 years. So the notion that somehow we can turn on and off the defense spigot overnight, based on a few months' good news, I think is an extremely unwise one, especially when we think how long it will take for us to re-build that capability if we give it up.

One of the things that we may want to talk about this morning which I will mention briefly in a moment, when I focus on the charts, is the length of time that is embodied in the decisions I have made this spring with respect to aircraft.

AIRCRAFT PROCUREMENT

We have undertaken a major review of all the outstanding procurements of aircraft within the Department. We reviewed the B-2 bomber, the advanced tactical fighter, et cetera.

As we went through that exercise, again, it forced me to contemplate the length of time that we are talking about with respect to that capability. If you hark back to the F-15, of course, it was developed in the early 1970's. When I worked for President Ford in 1974, we went down to Arizona, to Senator DeConcini's State, and watched the first one being rolled out at Luke Air Force Base. We deployed the F-15 in an operational capacity in 1975. It is today the backbone of our air superiority force. The F-15 will be, no matter what we do, the bulk of our air-to-air capability for the U.S. Air Force 15 or 20 years hence.

Even if we went all-out today to build the next generation fighter, it would not come into the force in any significant numbers until the end of the decade, roughly 10 years hence. It would not be the significant part of the force, the dominant part of the force until well into the next century, to the year 2020, perhaps.

So, when we make a decision about whether we want to go forward with the ATF or not go forward with the ATF, we are making a decision about forces we want to constitute that will be used by a President who is today too young to vote, and will be flown by pilots not yet born.

So the timeframe involved in trying to build and deploy military force is something that is absolutely essential for us to keep in mind.

Needless to say, the length of time it takes to train a really first-class senior noncommissioned officer or general officer, capable of commanding a division in combat, is a lot longer than it takes us to build one of these weapon systems. So how we deal with the force, with our capabilities, as we engage in this effort to save money in the defense arena is absolutely crucial.

I would like to take just a moment, if I can, now, to focus on the charts. I will go through them very rapidly. I don't want to bore members with this briefing. I get enough briefings as Secretary of Defense and I am sure you, as members, have had plenty, as well.

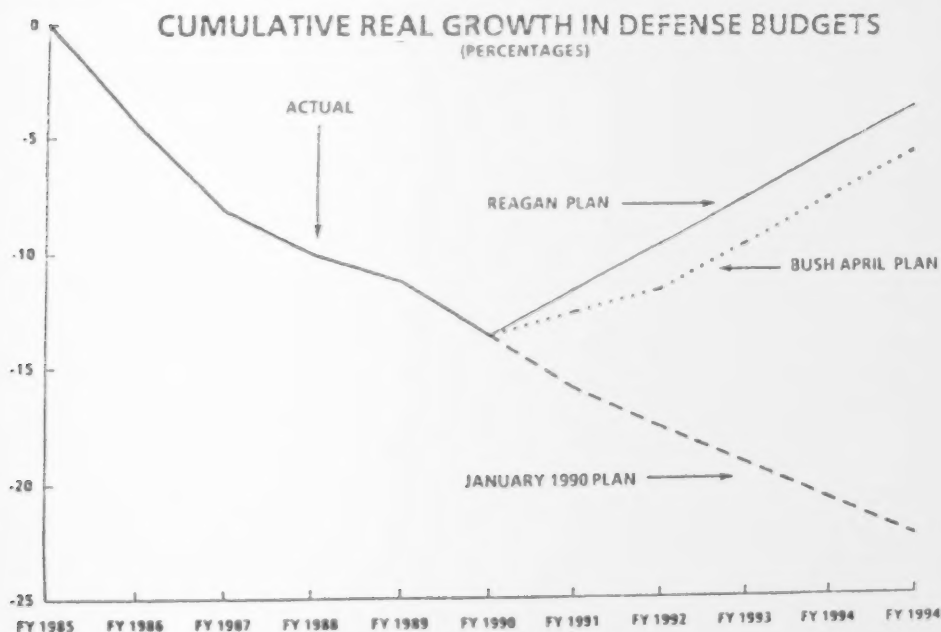
But there are a couple of things that I think need to be pointed out to the committee as you contemplate this year's defense budget.

NATIONAL DEFENSE TOPLINE

(Current \$ Billions)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
BUDGET AUTHORITY						
DoD 051	291.4	295.1	300.0	304.4	308.0	311.8
DoE & Other	10.3	11.7	12.6	13.1	13.6	13.9
TOTAL 050	301.6	306.9	312.5	317.5	321.6	325.7
OUTLAYS						
DoD 051	286.8	292.1	296.9	299.0	302.3	304.8
DoE & Other	9.6	11.1	12.3	12.9	13.4	13.7
TOTAL 050	296.3	303.3	309.2	311.9	315.7	318.6

This shows simply the outlays and budget authority over the course of the next 5 years in the budget, both for the DOD account and the Energy sector.



This is what has transpired over the course of the last 5 years and as we look to the future with respect to the U.S. defense budget.

The green line to the left starts up there [indicating] in 1985. This is a percentage reduction. It is in constant dollars; so inflation is factored out. The green line to the left shows that real defense spending has declined steadily since 1985. That was the peak year, and we have been shrinking the defense budget ever since.

The orange line is the Reagan plan, submitted in January 1989 and inherited by President Bush and myself.

The blue line is the Bush April 1989 plan. That is the one that I came up and talked to the committee about last year. The red line, coming down, is the President's recommendation this year with respect to defense spending throughout the middle of the decade, over the next 5 years, 1990 through 1995.

Now, some people say well, you are only shrinking the defense budget minus 2 percent, et cetera. The thing I would like to emphasize for the committee is the slope of the lines.

BOW WAVE

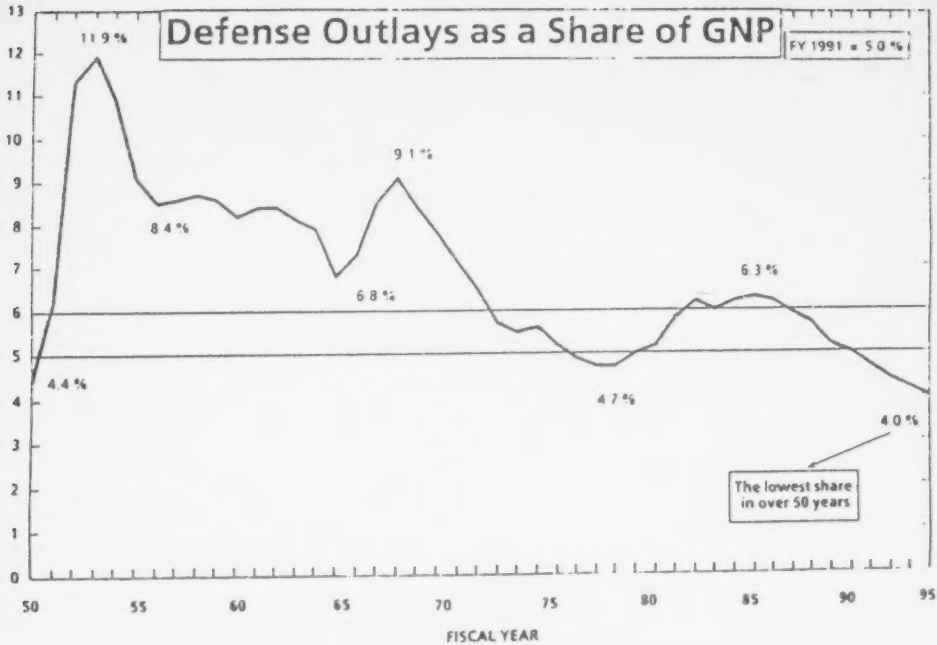
If you go back through the 1980's, you will find that, every time when we looked at the outyears, we always assumed real future growth. You could always put a new weapon system in the budget because you knew you were going to get more money in the future to pay for it. So we had the so-called bow wave that everybody used to talk about it.

That assumption of real growth in the outyears gave you all kinds of flexibility when you were planning long term what you wanted to do with the defense budget.

Once you change that line and drop it, as we have now, that wedge, between the Reagan plan and the January 1990 plan submitted by President Bush, that wedge alone over the current 5-year plan through 1994, of the defense plan, is \$231 billion.

What it says, of course, is that you no longer have the luxury of the bow wave. We have not and are not putting together the 1992-97 package that will come to the Congress next January on the assumption of real growth in the outyears. We are putting it together on the assumption of a real decline. That is an enormous change, if you will, in our planning assumptions.

We will come back to that later on.



PEACE DIVIDEND

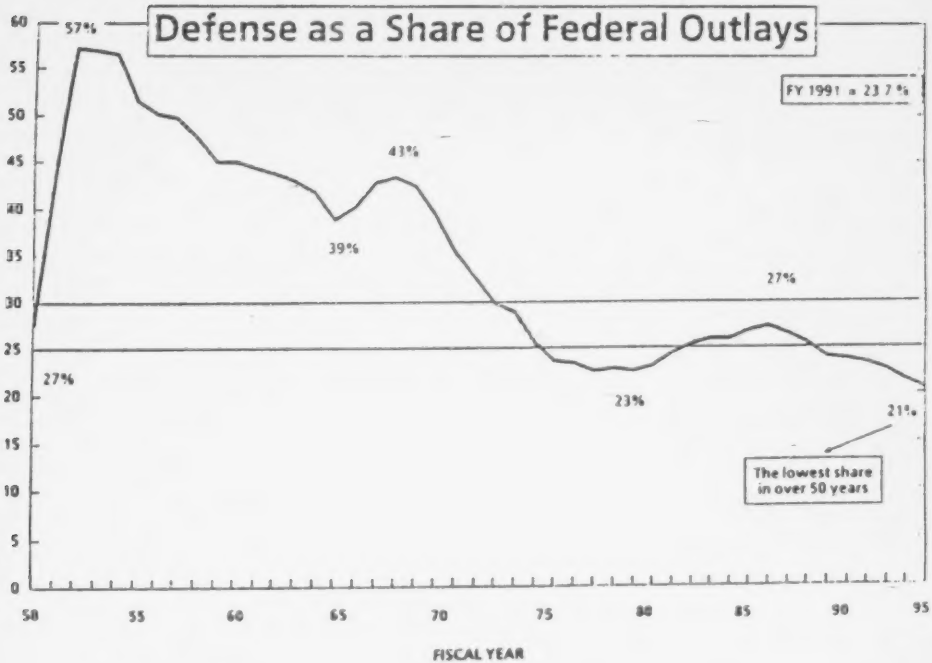
One of the things, of course, that people always are concerned about and one of the arguments that I have heard repeatedly during my tenure as Secretary and before that, even, was the extent to which defense spending is a burden on the U.S. economy.

The argument is often made these days that it has been an undue burden; and now that peace is at hand, we can, in fact, declare a dividend; and that this will allow us to spend less on defense.

The President's budget does, in fact, recommend spending less on defense.

GROSS NATIONAL PRODUCT

If you look at this chart, it is interesting because it shows the percentage of gross national product that has gone for defense over the last 45 years, going back to 1950. The peak, on the left, of course is Korea, with almost 12 percent of GNP; for Vietnam, we spent over 9 percent; at the height of the Reagan buildup in the early 1980's, it was 6.3 percent. If we follow the President's recommendation, we'll be down to 4 percent of GNP by 1995. That is the lowest level of defense spending since before Pearl Harbor, as a percentage of GNP.



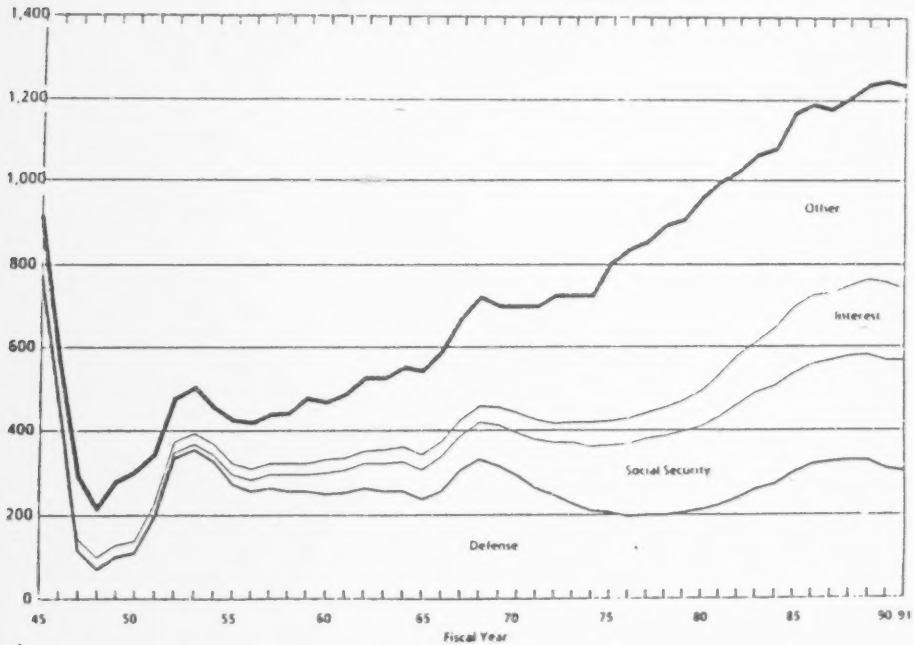
DEFENSE AS PERCENTAGE OF FEDERAL BUDGET

Another way to look at it is defense as a percentage of the total Federal budget.

Again, back here in the early 1950's, or Korean years, it was 57 percent; 43 percent of the Federal budget went for defense during the Vietnam era; and 27 percent at the peak of the Reagan build-up. If we follow the President's recommendations—again, this is the President's recommendations, before any additional cuts imposed by Congress—if we follow the President's recommendation, we will be down to 21 percent in 1995, the lowest level of defense spending as a percentage of the Federal budget since before Pearl Harbor.

Total Federal Outlays

(Billions of FY 91 Dollars)



This is another interesting chart. It simply shows the composition of the Federal budget. It used to be predominantly defense.

Of course, the blue area at the bottom is defense spending. The phenomenal growth in the Federal budget over the last 20 to 25 years clearly has been in other categories, outside of defense spending. We had a little bit of a surge in the 1980's and then started back down again.

DEFENSE CUTS SINCE JANUARY 1989

- The FY 1990-FY 1994 Plan was reduced by \$64.2 billion in the April 1989 Budget Revision.
- The FY 1990-FY 1994 Plan was reduced by an additional \$167.0 billion in January 1990.
- The Defense Management Report contains reductions of \$ 39 billion.
- Reductions to the FY 1991 Program amount to \$ 22.4 billion since the Budget Agreement in April, including:
 - Program Terminations,
 - Base Closures,
 - Force Structure Cuts,
 - Deferrals,
 - Civilian Hiring Freeze, and
 - Military Construction Freeze.

This is just a quick summary of some of the decisions we have been involved in during the last 18 months wrestling with this. Again, if you add up the savings in the 1990 through 1994 plan, from the package I submitted last spring to what we have done subsequently in the package the President submitted this January, it is about \$230 billion that we have taken out of the 1991-94 time-frame, out of the 5-year defense program.

Among other things, defense management report accounts were about \$39 billion of that.

BASE CLOSURES

Additionally, we have program terminations and base closures. We have some 20 programs that I have recommended terminating as Secretary. In base closures, we have 86, approved by the Congress previously, that are now in the process of closing, and another 47 that are candidates for closure, including 12 overseas. There will be more base closing recommendations once we complete putting together the 1992-97 package.

We have cut force structure in significant ways. We have offered the deferrals earlier this year, which we have now resolved, some of those being used to finance the Panama/Nicaragua supplemental. I have a civilian hiring freeze on throughout the Department.

MILITARY CONSTRUCTION

We have a freeze on military construction at present because we don't have any idea where we are going to be with respect to the 1991 level. And, given our overall effort to shrink the size of the

force, I have given directions to the services to hold up on new starts on military construction until we know where we are headed with respect to the total force and our future base requirements, et cetera.

PROGRAMS TERMINATED IN THE FY 1991 BUDGET

(\$ in Millions)

SYSTEM	FY 1991	FY 1991-1994
V-22 OSPREY	(-1,395) *	-6,468
F-14D Aircraft	(-469) *	-1,991
Army Helicopter Improvement Program (AHIP)	(-328) *	-1,400
PHOENIX Missile	(-333) *	-614
M-88A2 Improved Recovery Vehicle	(-90) *	-309
F-15E Aircraft	(+ 303) *	-3,317
Apache Helicopter	-682	-2,528
M-1 Tank	-1,086	-6,249
Maverick Missile	-367	-743
Air Force Airborne Self Protection Jammer	-264	-1,199
Combined Effects Munition	-142	-399
SEA LANCE ASW Standoff Weapon	-156	-975
Non-Line-of-Sight Missile	-131	-1,202
Advanced Short Range Air-to-Air Missile	-7	-46
Follow on to F-4G Wild Weasel	-12	-176
Air Base Survivability	-19	-130
Chaparral Missile	-26	-157
MK 19 Grenade Launcher	-20	-130
OV-1D Aircraft Mod Program	-37	-120
Autonomous Precision Guided Munition	-27	-114
TOTAL	-2,976	-28,267

This is just a list of some of the programs that I have recommended for termination. They include the V-22 Osprey, the F-14D, the Army Helicopter Improvement Program, Phoenix missile, F-15E, the Apache helicopter, the M-1 tank, et cetera.

A lot of those are, as in the case of the Osprey, a great system. It is a question of cost. It's just new, if we were to go forward with it.

I have recommended against that on a cost basis.

The F-14, of course, instead of going with new procurement, we want to remanufacture the old ones. We had that debate last year.

The F-15E, we want to finish out the buy in 1991, as well as with the Apache helicopter and the M-1 Abrams tank.

All of those are systems that were designed especially with a major land war in Europe in mind. We think we now have enough of those in the inventory, especially given the requirement to shrink the size of the force, so that we can afford to close down those production lines.

FORCE STRUCTURE CHANGES IN THE FY 1991 BUDGET (Dollars in Millions)

	<u>FY 1991</u>	<u>FY 1992-1994</u>
Deactivate Two Army Divisions	-1,227	-4,940
Retire Two Battleships	-75	-534
Retire Two Nuclear Cruisers	+ 9	+ 99
Deactivate 8 SSNs	-232	-105
Marine Corps Artillery Batteries	-5	-44
Deactivate 14 B-52s	-71	-246
Minuteman II	-128	TBD
WC-130 Weather Reconnaissance	+ 5	-
TOTAL	-1,724	-5,770

This chart is just some examples of force structure changes. In the 1991 budget, we take two divisions out of the Army. If you look at our long-term plan, it will be significantly larger than that. Two out of the four battleships retire in 1991. We take two cruisers, eight SSN's, et cetera.

POTENTIAL OUTYEAR ADJUSTMENTS

- FY 1992-1994 approved topline requires reduction of \$141 billion from April. (Overall 1990-1994 reduction is \$167 Billion.)
- FY 1991 budget decisions (terminations, force structure adjustments, etc.) will reduce outyears by about \$30 billion.
- Defense Management Report initiatives will save about \$25 billion (1992-1994 share of \$39 billion for 1992-1995).
- Early ratification of CFE & START, along with aggressive follow-on to CFE will allow reductions along the following lines:
 - 3 Additional Army Divisions;
 - 5 Air Force Tactical Air Wings;
 - Reexamination of TRIDENT and other ship construction;
 - Guard & Reserve manpower reductions; and
 - Military & Civilian strength reductions.
- Reviews are currently underway.

In terms of looking at the future, I think many of the members are aware that I have agreed, in connection with the discussions with the budget summiteers, to pull together and present to the members negotiating with the administration on the budget for 1991 a national 25-percent reduction in force structure and price that out; show that to the Congress, in terms of what it would look like, what kind of capabilities we would have left; and compare it to the budget marks out of the Senate Budget Committee and the House Budget Committee.

This just gives you a few of the ideas that we have been talking about with respect to our total efforts to reduce force structure. We clearly are looking at reductions in the Army of on the order of five to six divisions total, including the two we recommended taking out in 1991; five or six wings out of the Air Force; reexamine our basic strategic programs in light of a START agreement, as soon as we have a START agreement.

We have a major study underway, obviously, with respect to the manpower questions and the total force concept. We have major reviews underway, which I would be happy to talk to the committee about when they are complete, if you wish. We have completed the major aircraft reviews now, and I have made my recommendations to the Congress on the B-2, the ATF, the A-12, and the C-17.

We have ongoing reviews underway on the SSN-21 attack submarine, on the DDG-51, Aegis destroyer, as well as the LHX helicopter program. Those will be completed shortly.

SUMMATION OF STATEMENT

So, the basic message that I would like to leave with the committee has, Mr. Chairman, a couple of points.

One, we recognize there have been changes in the world.

Two, we are prepared to cut the defense budget long term, to save money accordingly.

Three, we think there is still a lot of uncertainty out there, a lot of things we don't know. So the way we go about it, in terms of external developments, requires a good deal of caution.

Fourth, the mechanics, the structure of the Defense Establishment, if you will—the troops, the manpower, the weapon systems, our industrial base, our base structure—all of those things are an enormously complex enterprise. It is not something that you can ratchet up and down over night. We can, in fact, save a significant amount of money long term in the defense budget and do it in an intelligent fashion and preserve the capability that we will need, as I mentioned at the outset, to protect those six basic purposes.

But we have to do it over time. You cannot do it all the first year.

KEY STATISTICS

There are a couple of key statistics to keep in mind. Out of the total budget that you are considering this year, 46 to 47 percent is manpower and manpower related. That's 46 to 47 percent that is manpower and manpower related. That is what spends out basically in the current year.

Some 38 percent is spent as a result of prior-year obligations and commitments. That is the half-built aircraft carrier, et cetera. The remainder, roughly 15 percent, is money that is not manpower-related that we authorize and then spend out in the year in which it is authorized.

So, when you think about that structure, keep in mind that if Congress does, in fact, in its wisdom, decide to take down significantly the defense budget below what the President has recommended, if we have to meet the kinds of cuts that are embodied, I think, in the Senate Budget Committee resolution or the House-passed budget resolution, I think we are going to do a lot of damage to the force.

MANPOWER REDUCTION

The only place we can get those kinds of savings quickly in fiscal year 1991 is out of manpower. There isn't any other place to go. It is the only account that spends out rapidly enough so that you can take down the force and get some savings to reduce outlays.

I know this committee and the Department most of the time work in terms of budget authority. But outlays are what's driving the budget summit. That is what will drive the sequester if and when we are unable to reach agreement by October 1. The way you save outlays is to cut people.

Now I have already recommended during my time as Secretary cutting over 91,000 military personnel. We have recommended in the budget now before you taking 38,000 out next year alone.

The House-passed budget resolution would require us to take out, we think, an additional 103,000 over and above what we have in our budget. So, if that were to be the case, we are talking about laying off or getting rid of 140,000 uniformed military personnel next year.

Now, some of that you can deal with through attrition; but just a part of it. The kind of changes that will be required if I have to do that means I am going to have to run a lot of people out. I'm going to have to throw people out on the street, I'm going to have reductions in force, I'm going to have to freeze promotions, stop permanent change of station moves, et cetera.

I will end up doing great violence to our most important military asset, and that is our men and women in uniform.

So there is a way I can shrink the force if I am given the time to do it. It is very hard to do fast without doing great damage to what I think is one of our most important national assets.

Mr. Chairman, with that, I would be happy to stop and entertain the questions of the committee.

[The statement follows:]

STATEMENT OF SECRETARY OF DEFENSE RICHARD CHENEY

Mr. Chairman, members of the committee, thank you for this opportunity to discuss the Administration's fiscal year 1991 defense budget request and the major issues affecting it.

THE CHANGING GLOBAL SECURITY ENVIRONMENT

The FY 1991 request and our plans for later years reflect positive global security developments that are enabling the United States to begin a major defense restructuring.

The most important development of course is the indication that the Soviet Union is beginning to move away from its past threatening policies and military posture. We applaud Moscow's ongoing political and economic reform efforts, while recognizing the immense difficulty of transforming Soviet society and institutions. Tensions surrounding the movement of the Baltic states toward independence also remind us of the uncertainty of the Soviet Union's domestic and international future. That uncertainty reinforces this inescapable reality: The Soviet Union retains formidable military power capable of carrying out threatening or destabilizing actions; and its economic crisis and political instability should strengthen our resolve to not ignore that military power.

Even with the progress of the recent Bush-Gorbachev summit, major obstacles still block the path to dramatically lower levels of arms and an international order supportive of freedom, human rights, and economic prosperity. America's defense decisions therefore should not be based on wishful assumptions about how global events will evolve.

We also must take into account the proliferation of sophisticated weapons and military technology to nations potentially hostile to U.S. interests. Freedom is on the rise in many places, but instability and other security risks plague various regions of vital American interest.

All this argues for caution as we decide how to modify America's security posture. Today we cannot predict when or where U.S. forces might be needed in the future. Our best course is to scale back carefully our military posture, assuming, of course, that expected arms agreements and other positive developments materialize.

REVIEWING U.S. DEFENSE REQUIREMENTS

In response to positive global developments and tight constraints on the defense budget, DOD is continuing to review America's future military needs. One way we are doing this is through comprehensive reviews of major military programs, such as the B-2 bomber. The other way is through our normal biennial programming and budget cycle, which this summer will produce the broad outlines of our FY 1992-97 plan.

Whatever way we do it, the goal is to subject all our programs to rigorous scrutiny. The collapse of the Warsaw Pact, and Moscow's political and economic troubles, require that we review U.S. military needs and the assumptions and projections underlying them.

Our Department's recent review of major new aircraft programs illustrates this approach. We first asked whether the military requirements for each type of aircraft remained valid. We then evaluated the new aircraft scheduled to fulfill those

requirements versus all feasible alternatives, such as upgrading or extending the life of existing aircraft. In this and other program reviews, my goal is to draw on diverse sources and views, and to measure our military programs against the threats we currently face, and can expect to face in the future. I am insisting on hearing all reasonable options.

One consideration that affects our judgment about the future is the Soviet Union's serious economic situation. While we recognize that these problems could delay the development or fielding of some new weapons, Moscow's military budget seems likely to remain large enough to support its high priority programs. So, for example, we expect the Soviets to continue to field advanced air defenses, including highly effective surface-to-air missiles and sophisticated fighter aircraft. These expected advances explain why America still needs the B-2 bomber: to assure that our manned strategic aircraft force be capable of penetrating advanced Soviet air defenses and holding high priority strategic targets at risk, well into the next century. That in turn will provide us a stabilizing, flexible means of deterring the Soviet Union from ever using their nuclear weapons for attack or intimidation.

A related consideration is that, because we remain hopeful that Soviet military power will diminish further, we may be able to delay some of our weapons modernization. For example, I concluded that we could safely delay the fielding of the Air Force's Advanced Tactical Aircraft and Advanced Tactical Fighter. I also thought it acceptable to delay the ramping up of B-2 and C-17 production, to allow additional testing.

These and other considerations will guide this summer's analysis of our defense programs for FY 1992-97. I am looking for a comprehensive, fresh, and balanced review. Our goal will be to adapt our armed forces to fit the changing global environment and declining defense budgets.

FY 1991 DEFENSE BUDGET REQUEST

Today I am deeply concerned that FY 1991 defense appropriations will not be adequate to enable the gradual and prudent restructuring we are planning to continue in our FY 1992-97 plan.

The President's FY 1991 defense request is a sound plan for scaling back our military forces without jeopardizing their quality or our nation's long-term security. It already includes major reductions. Our FY 1991 Budget Authority (BA) request is \$22.4 billion lower than our April 1989 projection, after adjustments. Our revised FY 1990-94 BA is \$167 billion lower. Even if our plans are fully funded, DOD's FY 1995 BA will have 22.4 percent less real purchasing power than in 1985. By FY 1995, DOD outlays as a percentage of our GNP and total federal outlays will be the lowest in 50 years.

Furthermore, over \$28 billion in FY 1991-94 savings already are planned from program terminations, to include: V-22 Osprey, F-14D new production, F-15E, Apache Helicopter, and M-1 Tank. My decisions to scale back B-2, C-17, A-12, ATA, and ATF aircraft will save at least \$34 billion through FY 1997. We also are engaged in the closure or realignment process for 86 military bases and studying at least 47 more, including overseas facilities.

Thus, the Administration's FY 1991 request begins a bold restructuring of America's defense posture. Our FY 1992-97 plan will extend this restructuring forward, generating additional budget savings. We can accomplish this restructuring and realize these savings without excess risk to our security, so long as military necessity guides our decisions. We must approve adequate spending totals and allocate these scarce dollars to achieve the greatest military payoff. We must streamline our defense infrastructure, to include realigning our military bases. We must terminate some programs and defer others. Military needs, not domestic politics or economic impact, must drive these decisions.

There is no compelling military justification for deep cuts to the President's FY 1991 plan, cuts on the order of those expected in the Congressional Budget Resolution. Consider the Senate Budget Committee proposal to slash our requested DOD BA by \$21.3 billion and outlays by \$9.4 billion. That proposal could:

- Reduce military manpower as much as another 142,000. (Even if the President's request is funded fully, by the end of FY 1991, military end strength will be 91,000 below FY 1989; Army and Air Force manpower will be their lowest since 1950.)
- Require further deep force structure cuts: Two Army divisions (two already are being cut in FY 1991); two Navy carrier battle groups and their air wings; two Marine expeditionary brigades; and six Air Force tactical fighter wings.

- Reduce our flying hours, ship steaming days, and ground training tempo by at least 10 percent below current, prudent levels. Other O&M cuts would seriously disrupt our maintenance, operations, and training.
- Cut procurement BA by \$9.7 billion, delaying needed modernization, disrupting programs unnecessarily, and yet yielding only \$1.4 billion in outlay savings in FY 1991.
- Reduce a wide range of RDT&E programs, at a time when our long-term technological edge is more important than ever.

In addition to these serious specific consequences of inadequate FY 1991 funding, too steep a defense decline in the coming several years would:

- Require drastic and callous personnel-reduction provisions, which would demoralize our people and hurt our recruiting and retention of top-quality professionals.
- Reduce training and readiness spending to where it also hinders our personnel goals and—more importantly—to where it prevents our existing forces from developing their full military value. For example, an Army division denied adequate O&M funds cannot provide our nation with “one division’s worth” of defense. This outcome is most likely to develop when budget cutters put excess pressure on outlays, thereby straining fast-spending accounts like Military Personnel and O&M.
- Reduce our force structure so low as to jeopardize our ability to respond effectively—without undermining our overall security—to contingencies in regions of vital U.S. interest, such as Southwest Asia and Korea. The future likelihood of such contingencies will not necessarily decrease if Soviet military power does.
- Hurt our efforts to maintain a strategic nuclear triad sufficient to ensure robust deterrence and stability.
- Preclude a timely decision on deployment of an SDI system to defend us against nuclear attack.
- Erode our military’s technological superiority by reducing needed R&D and force modernization.
- Preclude preservation of an adequate U.S. defense industrial base.
- Undermine our negotiations toward smaller and more stable arsenals. Inadequate budgets especially could force us to make unilateral cuts, before exacting reciprocal Soviet restraint.

All of these disturbing consequences should be weighed as you debate the Administration’s FY 1991 defense request and consider the military spending levels needed for subsequent years.

CONCLUSION

The defense decisions you and your colleagues make in the coming weeks and months are of immense importance. In the wake of the extraordinary events of 1989, America and its allies now are poised to foster a vastly improved global security environment. But to achieve that, we must not abandon the central imperative that made possible this historic opportunity: Against armed opponents of universal freedom, self-determination, and human rights, there is no substitute for adequate military preparedness. Adherence to that imperative by America and its allies has helped free millions of people from oppression and billions of dollars from our future defense budgets. Only by sustaining our military preparedness can we continue to protect and promote our democratic interests and values, while fostering a world order in which such preparedness becomes less and less burdensome.

COMMITTEE REPORT LANGUAGE

Senator INOUE. Mr. Secretary, I thank you very much.

I think all of us agree that in these times of uncertainty, it is absolutely essential that we have a spirit of cooperation that should exist between the executive and legislative branches.

Having said that, why is it that some of your deputies feel that they are not bound to comply with committee language?

Secretary CHENEY. Do you have a specific instance in mind, Mr. Chairman?

Senator INOUE. Well, for example, I have one here from Mr. Betti. He says, "The Department does not consider itself bound to the language in committee reports."

This was on the B-1B question.

Secretary CHENEY. I am not familiar with that particular instance. But I can give you a good example of the kinds of problems we are faced with right now with some language that was just added in the urgent supplemental. It is not in the bill; it is in report language.

Basically it spells out by tail number individual SR-71 aircraft that we are supposed to maintain in a special status.

The SR-71, of course, has been a very valuable asset over the years. But the Department made a judgment and the Congress made a judgment not to continue funding the SR-71 and to take it out of the fleet.

One of the biggest factors is cost. It costs \$85,000 an hour to operate the SR-71.

So we went through a long process in which the Congress basically agreed with the Department, as we went through the 1989 and the 1990 cycle, that we would, in fact, stand down the SR-71. We are now part way through that standdown. All the pilots are gone on to other assignments or they have, in some cases, left the service. The aircraft are being deactivated. Maintenance crews are gone; we no longer have any maintenance capability.

But just a couple of weeks ago, when Congress passed the urgent supplemental on Panama and Nicaragua, there was report language in there requiring us to maintain all these SR-71's, by tail number, ready to fly within 60 to 90 days of being called back in.

The report language does not track with the statutory decisions and the departmental decisions that have been made previously and supported by the Congress. So sometimes we find ourselves in the position where there is just a conflict.

Sometimes, it was my experience as a Member of Congress that if we could not resolve a matter so that we could write it into a statute, it would be compromised out in some kind of legislative language form.

I had the experience this year, Mr. Chairman, with the reprogramming on personnel, where we did try very hard to follow the report language that Congress gave us. Congress cut the personnel account, mandated that we pay additional benefits, imposed one-third of a year sequester, and then said but don't hurt the troops, and said the Secretary should submit a reprogramming, which I did last January, to cover that. It took us 6 months to get the reprogramming approved because the authorizing committees that approved the language, the report language, one of them in the House decided that it did not want to approve that.

So sometimes we simply have conflicts.

I am not familiar specifically with the example that you have in mind. I would be happy to take a look at it and provide the results for the record.

[The information follows:]

We have examined the statement from the prior testimony to the effect that "the Department does not consider itself bound to the language in Committee reports." What that statement was intended to convey is the principle that the Comptroller

General explained in detail in his decision at 55 Comp. Gen. 307 (1975). In essence, in the context of this question, only a statute has the force and effect of law; committee report language does not have the force and effect of law. However, we look to the reports as a source of guidance in interpreting statutes, and we undertake to be responsive to expressions of the committees' wishes set forth in the committee reports.

Senator INOUE. If my memory is correct on the SR-71, we did not suggest that you keep this operational, but to keep it in reserve, and for that purpose I believe we appropriated \$4 million, which should have more than adequately covered that.

Secretary CHENEY. We can park them. We can't bring them back within 90 days, which I think was also in the report language, without going back and spending a lot of money to reconstitute at least a portion of the manpower, the maintenance, and so forth, that it had previously, and to recertify pilots.

STATUS OF FUNDS

Senator INOUE. Well, the \$4 million was decided upon after conferring with some of those involved in the program. We may not have received the best information.

More specifically, what are your plans in releasing the remaining funds for the icebreaker and sealift?

Secretary CHENEY. I believe—and, again, I would have to check, Mr. Chairman—that the icebreaker is a piece of equipment that was added to last year's bill as part of the 1990 appropriation. There has been a debate and a discussion within the administration because it basically was, I think, a Coast Guard item. It is an icebreaker for the Coast Guard, which, ordinarily, is not part of our budget.

We had earlier recommended the icebreaker for deferral, I believe, as part of the urgent supplemental for Panama and Nicaragua. Subsequent to that, there has been a change. I am not sure how much the committee finally approved in the urgent supplemental.

Senator INOUE. Well, I asked that question because in a letter dated March 28 of this year, the Director of OMB stated, "We no longer intend to withhold the funds that have been deferred." That is speaking about the icebreaker.

Secretary CHENEY. Originally I think that was on the list of proposed deferrals. We resolved the deferrals question when we went forward with the urgent supplemental. There was a compromise worked out between myself and the members of the committee, I believe, and we withdrew the deferral package at that time. Some of the items that were on the deferral package subsequently were used by Congress to fund the urgent supplemental. I am not sure where the icebreaker is at this point.

Obviously, if we have a legal obligation to proceed with it, we will.

Senator INOUE. May I request that your Office submit to the committee a detailed response to this.

Secretary CHENEY. Certainly.

[The information follows:]

With regard to the Sealift program Congress provided \$600 million in the Shipbuilding and Conversion, Navy [SCN] appropriation of which, after sequestration

and reprogramming for CHAMPUS and MILPERS requirements, approximately \$375 million remains available. Until the Navy has assessed what options are available and develops a program acquisition plan that is fully funded; that is, one that can be executed within the amount available, and is consistent with report language contained in the FY 1990 Statement of the Managers these funds will be withheld.

Relative to the Icebreaker, there is a requirement for the President to submit a report to Congress on Polar Icebreaker requirements. OMB is coordinating that report within the Administration and my staff is working with them to provide the DoD input. At the same time the Navy is reviewing the Coast Guard's (USCG) design specification and is scheduled to complete that review by August or September. Upon completion of that review a detailed cost estimate can be developed. Provided the program is fully funded and there are no design issues, we are still on track for a contract award in the Spring of 1991. As you are aware \$50 million of the approximately \$325 million appropriated, after sequestration, were reprogrammed to MILPERS and CHAMPUS. If the Navy determines the program is not fully funded then it may become necessary to descope the acquisition.

PROGRAM TERMINATIONS

Senator INOUE. Mr. Secretary, I am asking these questions because, though we are all aware of the dramatic changes that we witnessed throughout the world, here in Congress business continues as usual, and we have members who are concerned about their neighborhoods and environment. Many of the items in this bill are considered essential to them, maybe not to you.

Now, in that light, last year, and again here, you announced your intention to terminate several programs. These programs have strong support in the Congress and in the services. These are programs like the Osprey, the Apache, the F-15.

REVIEW OF V-22 PROGRAM

Mr. Secretary, I understand that the Institute for Defense Analysis has completed its review of the V-22 program. One witness has testified that the results favor the Osprey. Are you aware of this report?

Secretary CHENEY. I am aware that there is a study underway. The last report that I had was that it was not yet completed; that IDA had decided to look at some additional questions as part of it, and that as soon as they had completed that final look, then I will receive the report. I have not seen the report yet myself.

Senator INOUE. Well, I have a copy of a report here. In summary, it says this:

The V-22 is the most cost and operationally effective alternative for a broad range of missions. The V-22 is 1.3 to 2.2 times more cost effective than the CH-60/CH-53 helicopters for U.S. Marine Corps missions. The V-22 has near-term and discounted 20-year life cycle costs which are less than the CH-60/CH-53 helicopters. The V-22 is 1.3 to 6 times more cost effective than any alternative for other service and agency missions. The V-22 is the most survivable aircraft. The V-22 requires the least manpower. The V-22 has least developmental risk of undeveloped aircraft. And the V-22 is the only aircraft which meets the JSOR.

That's what this report says.

Secretary CHENEY. I'm told, Mr. Chairman, that the report was briefed on an internal review basis within IDA to their own board, and, based on that review, additional work was mandated on the report. This is all within IDA, and that we have been promised the report within 2 weeks. We do not yet have the report.

I assume that what you have seen is a draft, or what the committee has acquired is a draft report.

My problem, Mr. Chairman, given my role as Secretary of Defense at this time, is to have to remind Congress that there is this enormous gap between the desire that is embodied in budget resolutions that get passed by the House of Representatives—the Senate has not yet acted on one, though the committee has—to take down the defense budget, and then object to every single cut that I can come up with.

The story of my life since I became Secretary is not that Congress is trying to cut programs out from under me, but, rather, frankly, that I have difficulty in persuading Congress to allow me to cut anything.

Every time I try to take something out of the budget, it gets put back in, in some fashion or other. There is this disconnect between the amount of money I am told I am going to have in future years and the job that has to be done of closing bases, canceling weapons programs, reducing force structure, and laying off people.

The V-22 is a fine aircraft. I have never been critical of the V-22 from a technical standpoint. My problem is, when I looked at the study last year, at the program, at the early stages—we have done the R&D on it now and it is nearly complete—the question is, Do we go for the fullup buy and spend \$26 billion? In an environment where I am talking about having to lay off 140,000 to 150,000 soldiers, sailors, airmen, and marines next year, who want to serve, who are volunteers, it is not a very good environment for scraping up \$26 billion to go and buy an aircraft that I think is a great aircraft but that can fulfill a requirement that we can handle by other means.

So I have to make some choices and decisions. That is my basic problem. And, given the kinds of choices that we have, I think there are some things like the V-22 that are going to have to be canceled.

I have said I will eagerly look at the report, and as soon as I have the report, which I am supposed to have in 2 weeks, I will take a look at it.

If we decide to fund the V-22, something else has to give. Something else has to come out.

Senator INOUE. I realize that.

Mr. Secretary, I am not suggesting that we add funds. I realize the tight crunch that you are in.

In your proposal, you terminate the V-22, but you request funds for the CH-60/CH-53E mix. The report tells us, unless it is wrong, that it is less expensive to acquire the Osprey than this CH-60/CH-53 mix.

Now if that is the case and the report is correct that it is cost effective, that it is a better aircraft, that it is better for all the missions of all agencies, et cetera, et cetera, why not ask for the Osprey instead of the CH-60/CH-53 mix?

Secretary CHENEY. Well, the decision, at the time that I made it last year, Mr. Chairman, was based upon the best analysis then available. That analysis indicated that we had a proven track record with the other helicopters. We, in fact, have been using them. We have a lot of them in the force today. We know what it costs to operate and maintain one over time, what the spare part utilization rate is, et cetera.

We have no experience at all with the V-22. It has, to date, simply been an aircraft where we have flown the prototypes, but we don't have any production experience, we don't have any maintenance experience. So we don't know how much it will cost to operate.

The IDA study, I am assuming, will try to make some estimates of that and give us better data than we have had to date. But still, we are dealing with the V-22 versus known systems, and I come back to the proposition where I mentioned the \$64 billion that we cut last year out of the 5-year defense program. The sum of \$6 billion of that came right out of the V-22 cancellation.

Senator INOUE. I believe my colleagues would appreciate it very much if you could provide us with a memo after you receive the IDA report.

Secretary CHENEY. I will be happy to do that, Mr. Chairman, and try to provide it separately to the committee before you mark up.

Senator INOUE. Thank you very much.

Senator Stevens.

APPROPRIATED BUT NOT AUTHORIZED

Senator STEVENS. Mr. Secretary, we all know that times have changed. In the period of time, as your chart shows, in the 1980's, when military spending requests were going up and the amount authorized by Congress and appropriated by Congress was going up, we developed a whole series of new relationships between the committees of Congress and the Department of Defense and executive branch, new understandings concerning the necessity for authorization committee approval of changes in the appropriations outlays. Sometimes those changes were actually made at the request of some members of the authorization committees, and others at the request of the individual components of the Department of Defense.

In any event, we got into this elongated procedure of budget control that led to the situation where, in several instances, we had appropriations bills passed, but the moneys would not be spent until the authorization committees either released the moneys or approved them with later legislation.

We have just gone through that again now on this supplemental. I think that you would realize that the chairman and I and the other members of this committee tried to work that out as quickly as we could, so that you could use the moneys that were available to you.

But it is still a case, it seems to me, that those of us who are concerned in the Congress with defense and your people are really mired down in the budget and postbudget process; the postbudget process being then an authorization cycle and then an appropriations cycle and then a fourth cycle to go back and comply once again with these understandings that your predecessors made with other committees.

I am not sure it is even proper to ask you to comment on it. But I hope that you will review that and that we will have some sort of consensus meeting to set out some guidelines as to how moneys are going to be made available.

If you have the similar kind of delay that we had in the past when the budgets were going up as the budgets come down, it is going to exacerbate the whole distribution of funding for the Department of Defense. I think this last delay was unconscionable and said so on the floor. I hope that you will help us find some way to restructure this process.

I previously made the suggestion that we eliminate one of the three reviews of Congress in terms of budget authorization and appropriation because of the time factor, and I think it is even more appropriate now that we find out how we can deal with this in a shorter timeframe. Otherwise, we are going to be leading into a serious delay this time.

I predict for you that we will have a postelection session, that you are going to be operating under a continuing resolution in a period of declining budgets, and that is going to really cause the individual entities of the Department of Defense a considerable amount of controversy and increase the cost to the taxpayers.

Senator INOUE. You have just spoiled my day.

Senator STEVENS. I hope I am wrong, but I do believe that is going to be the case. I think the only way we can get around to it—and the chairman has already alluded to it—is we need more comity in terms of the Department in following the statements made in committee reports, particularly conference committee reports, which have normally been worked out with your people at the very last minute.

I think that it is unfortunate we cannot get that kind of understanding, and that we have to go back and revisit each one of these items so many times.

SITUATION IN THE PHILIPPINES

Now, having said that, let me ask you my first question, which is this: We have now had a tragic loss of life in the Philippines. You, yourself, in my judgment, conducted yourself very well in the situation developing in the Philippines when you were there. But I am coming to the conclusion that it is not worth the price, the price in terms of the tribute that we have been asked to maintain those bases and the loss of life that continues because of terrorist activities not controlled by the Government of the Philippines.

How much longer must we maintain bases and operations in the Philippines in light of the changing circumstances there?

Secretary CHENEY. Senator, first of all, on your first point, let me simply express my desire to do everything I can to work with the committee on the question of differences between authorizations and appropriations. I find that is a situation I inherited.

We worked very hard in the last 6 months to resolve the most recent dispute that affected personnel. But I will certainly do my best to keep faith with what I think has been the traditional relationship in terms of the Department and this subcommittee.

On the Philippines, we would like to be able to continue a presence in the Philippines, to continue to have access to the facilities that are there at Subic and Clark. They are important facilities for several reasons, partly because we think the Philippines are an important part of the world for us, partly because our presence there

we believe is a stabilizing factor in the region. The other nations in the area are happy to have a U.S. presence. We also are able to do things in the Philippines that are very hard to do elsewhere in the Pacific. Specifically, that includes training.

I find one of the problems that we face is that finding places these days where you can land troops over the beach, fire artillery, drop bombs out of airplanes and so forth, is hard to do. Space is increasingly hard to find for those kinds of activities, and we do have the capacity in the Philippines to do training. And so we do it there. We bring in people from all over the Pacific for those purposes.

We also have at Subic a first-class shipyard that does a lot of work at a very low rate. We can do work at Subic for about one-third of what it costs, for example, if we were to do it in any other place in the Pacific.

So I think, long term, we would like to continue. We have a historic relationship with the Filipino people that I think is an important one.

The President has made it clear that he would like to be able to renegotiate the bases agreement there. But he has also made it clear that there is a limit; that we would like to work out that relationship for continued access, but there is a limit to what we can afford to pay in order to continue our presence there; and that if we are not able to come up with an acceptable agreement, obviously we will depart.

Those negotiations have just gotten underway. We had the preliminary talks in early May. They will resume again shortly. We have an excellent negotiator in Richard Armitage, who formerly worked in the Defense Department and headed up the ISA unit in the policy shop. He is handling the negotiations for us, and we will try to cut the best deal that we can.

But, in the final analysis, if we can't come up with an agreement that makes sense, that is acceptable, or that we can afford, then, obviously, we will have no choice but to depart.

UNITED STATES TROOPS IN KOREA

Senator STEVENS. When the chairman and I were in the Pacific, we visited Korea, and General Menetrey, who briefed us along with his staff, as I understand it, has suggested a partial withdrawal of forces from Korea—not a great number, but a symbolic withdrawal of some of our forces there.

We also learned that 7 of the 10 largest armies of the world are operating in the Pacific now; that the real tension of the world appears to be shifting to the Pacific area. And yet, we have a demand in this committee and other committees in the Senate, as well as in the House, that we have a precipitous withdrawal from Korea.

Have you made any statements lately about Korea and the continued position of the United States there?

Secretary CHENEY. No; we have, in accordance with the wishes of the President, Senator, been working to withdraw a small number of troops, both from Korea and Japan, on the order of about 10 percent of those forces that are currently deployed out there.

We are in the throes right now of sending out to Admiral Hardesty, CINCPAC, and ultimately General Menetrey, specific approval for a force reduction in Korea—the one that we discussed previously when I was out there earlier this year and met with the Koreans and talked about the withdrawal from Korea of about 10 percent of the forces there.

We think we have to proceed carefully. If there is a place in the world where we might wake up tomorrow and find United States troops actively engaged in a combat situation, Korea is one of those places that you worry about. This is primarily because of the large size of the North Korean armed forces, partly because of the instability and lack of predictability on the part of the North Korean Government, partly because they are forward deployed and ready to go to war at a moment's notice.

So we think we do want to gradually shift more of the burden to the Koreans, that they will accept more of the burden, that they will pay more for the United States troops that are stationed there in terms of supporting our joint effort. But they also will take more of a leadership role in terms of providing for their own security. We think we can continue to pursue that objective over the next several years, doing it carefully and in consultation with our allies. That, indeed, is our objective.

NEED FOR COOPERATION

Senator STEVENS. I don't want to take a lot of time. I would say this to you. I believe we should give you as much support as we can. We have tried to do that, many of us. We do have differences of opinion.

I share the opinion of the chairman concerning the V-22 Osprey. The two of us come from the Pacific. We represent the States of the Pacific. I know that on the trip we have just taken we heard from young officers, young officers throughout the Pacific, of their interest in that type of system, the V-22 system.

On the other hand, we hear about the delays. For instance, the A-12 I understand now has been delayed a year. It is a stealth system for the Navy, and I, for one, question the need for so many stealth systems in view of what we apparently face in the future.

A need for improved conventional systems appears to be much higher than the need for increased numbers of stealth systems in each one of the services.

But I would only ask you this: Isn't there some way that we can have a better coordination in setting the priorities? With due respect—and you have been my friend for many years—some of us have been involved in this review of defense policy now for quite a long time.

I remember John Stennis telling me that secretaries come and go, but this committee continues, and there are always at least two-thirds of us who have been here longer than most secretaries.

I think, in this period ahead, that we ought to have a little bit more advance consultation on some of these decisions. Rather than having the problem of those of us who support what you want to do be in the position of having to collide with you and your colleagues, why can't we get to the days of greater consultation?

Senator Stennis told me about some of those great days. He was the author of the bill that is still the law of the land concerning the role of the authorization committees and the role of the appropriations committees. Those, as I say, have sort of been forgotten with the agreements your predecessors made with both the Budget Committees and the authorization committees.

Isn't there some way—again, this gets back to my first comment—isn't there some way we can find in the process for greater consultation with the people in the Congress who do support your role as Secretary of Defense, rather than putting those of us who are your supporters in the position of being your antagonists when you make the recommendations to the Congress?

Secretary CHENEY. Senator, I am eager to consult with Members of the Congress, and especially members of the committees that have jurisdiction. I think we do a great deal of it.

The process is such now—if we hark back to those old days of yore, that was before my time, but I remember reading about them. Those were the days when a handful of Members had sufficient authority and respect within their bodies that they could, in fact, sit down with the President or with the Secretary of Defense and speak, if you will, for the Congress—a handful of Members—in the defense area, the national security area, the intelligence area.

CONSULTATION

The situation I am faced with today is there is no shortage of consultation. If anything, I feel overconsulted. I spend a lot of time consulting with Members of Congress.

In the House of Representatives, I go before the House Armed Services Committee with I don't know how many members—53, 54, or 55 members. The practice that has developed in the House over the years is—and I suppose I should not talk about the House in front of a Senate committee, but as a former House Member I will—the practice has been that when the Defense authorization bill comes out on the floor, there will be 200 to 300 amendments offered to it. The body itself does not respect the work of the committee.

We go through that whole exercise of dealing with not only authorizing and appropriating committees, but now also Budget Committees of the House and Senate. It is, indeed, an enormously complex and complicated process.

I am wide open to consultation at any time and am eager to come and consult with members of the committee.

I offered, for example, recently to come and brief this committee in terms of what we are looking at in terms of our major aircraft review decisions. I think a briefing was finally provided at the staff level.

The A-12 is a key part of that. One of the reasons we need the A-12 is because it is the replacement for the A-6, and the A-6 is our basic attack aircraft on the carriers. It is very old. It is 1950's technology. It has to come out of the fleet shortly. If we do not build the A-12, then we are not going to have attack capability on our aircraft carriers, and if we don't have attack capability on the

aircraft carriers, we don't need carriers. It is the heart of the striking power of the carrier fleet.

So I think the A-12 decision is a good one and I would be happy to discuss it with you at any time, Senator. I am eager to consult. I am always available to the committee or to members of the committee.

I think, especially in the period ahead, when we do, indeed, have to make some very, very difficult choices, keeping those lines of communication open is an important one.

Senator STEVENS. My time is up. I must leave here and cannot come back for a second round.

But I have just been informed that the question I was going to ask you concerning the time for dismantling a Soviet tank is unclassified. Let me just say that we were told it takes about 250 hours to dismantle a tank if the parts are not going to be saved and 350 hours if it is to be saved for the Soviets. It appears to me that what we are witnessing is the Soviet decision not to do either but to just shove it over the top of the Urals, and as long as it is over the top of the Urals and east of the Urals, and into the Soviet Far East and Siberia, it is not involved any longer in the decision as to what will be the force structure of the Soviets in Western Europe.

Well, that bothers me, as a Senator from the Pacific area. It bothers me tremendously, and I think it is something that we should look into in the future.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator SPECTER.

Senator SPECTER. Thank you, Mr. Chairman.

FACTS CONCERNING V-22

Mr. Secretary, I will pick up on the questioning by Senator Inouye on the V-22 and the comments by Senator Stevens because I believe that this item is illustrative of the need for the Congress and this subcommittee to get the facts, so that we can then make the complex judgments.

The facts ought to be available to the full Congress, or at least to members of this subcommittee, at an early time.

Now the information that I have is that the report on the V-22 was available to your office on April 16. I then questioned representatives of DOD, General Pitman specifically, when he appeared before this committee on May 8, and asked him for the results of the report. I then wrote to you on May 25. Together with 17 other Senators, I initiated the letter asking for the report on the V-22.

Then, in the absence of any responses, I had my staff call Dr. Simmons directly, who made the report, because I wanted to have access to it so that I would be able to discuss the matter with you today because of its great importance. At each step of the procedure, I have been unable to get the facts to have this discussion.

Now, it seems to me that there has been a predisposition against the V-22, and a rather conclusive one, on the part of the Department of Defense. I understand what you are saying when you articulate the proposition that whenever you cut something out, then

the Congress wants to put it back in. That makes it very difficult for you to make cuts.

But there are a great many items on your list. Senator Inouye started with the V-22, and, of course, that was on the top of your list. Senator Stevens mentioned it, and I pursue it further.

But this is what General Pitman had to say when I questioned him on the subject on May 8 in this subcommittee. He said:

Basically, IDA has completed their study. I have been privy to the executive summary of how that came out, and it was quite favorable in all categories to the V-22. There are a lot of numbers that can be thrown around and they may be reevaluated when they get back to OSD.

Now, when General Pitman says that they "may be reevaluated when they get back to OSD," it appears to me that there is an effort by OSD to support the conclusion which has already been announced, and that is to eliminate the V-22 program. Then General Pitman goes on a little later to say that OSD has to apply other criteria.

I asked him at that time for access to the report.

Now, when that was not forthcoming by May 25, as I say, I initiated a letter signed by 18 Senators. In the text of the letter, I point out that Mr. Peter Williams, a DOD spokesman, says that the results are "an old argument and that there were no plans for DOD to reconsider the decision to terminate the V-22 program."

DUAL SLING OPERATION

There are proposals for an alternative, and the proposals are to use the so-called double sling operation, the CH-53E's and the UH-60S's. There was testimony given by General Gray before the House Committee to this effect:

With all due respect, Mr. Congressman and for my colleagues in the Pentagon, I consider this whole dialog on the dual sling options totally ridiculous.

The questions that I have, Mr. Secretary, are really twofold. First, as to process, I understand the difficulty of your job in proposing cuts. But it seems to me fundamental that this subcommittee and a member of this subcommittee ought to have access to the facts, so that when you make your one appearance before the subcommittee, we can have a public discussion because it is important as to how others view this entire matter.

You have a judgment; we individually have a judgment; the committee has a judgment. But this matter is so important that it has to be played before the public and have other judgments made before it.

Before getting to the substance of the dual sling, which I will come to, let me just focus now on the process and ask you, isn't it fundamental that this Senator, this subcommittee, ought to have access to this report, so that we can have an appropriate dialog with you at this time?

Secretary CHENEY. Senator, I will reiterate what I said before. To my knowledge, the report has not yet been completed. IDA still has it, internally. Their own internal review process directed them to undertake some additional work.

I have not seen the report. I do not have the report physically. When I have the report, I will then take a look at it.

It is not my desire or my intention to deny the Senator or the committee any information. I think you ought to have all the information available.

I think that the information on the capabilities of the V-22 is something you ought to consider. I would not argue with that at all.

I will reiterate again what I said previously when I made the V-22 decision and when I spoke before the Congress last year. The reason I recommended to the Congress that we not go forward with the V-22 was cost. I don't think that report is going to tell us where to go and find the \$26 billion to build the V-22.

My difficulty is finding ways to shrink the defense budget down to the size that it appears it is going to be after Congress completes consideration of it.

In the final analysis, Congress will make the decision. It is not my final decision with respect to what happens to the V-22. My recommendation to the President, which he concurred in and then forwarded to the Congress, was that it was a system we cannot afford and, therefore, the recommendation we made has been undertaken accordingly.

The Congress mandated the study. The study is underway. The study I am sure will be very interesting. If it shows some truly phenomenal results, obviously we'll take a look at it. But I don't want to hold out a false hope that somehow I can find \$26 billion to build the V-22. I don't know where I am going to get it.

IDA STUDY

Senator SPECTER. Well, Mr. Secretary, I shall not pursue at this time the question of whether the report is finished. You say that it is not.

Secretary CHENEY. That is what I'm told.

Senator SPECTER. We have the testimony of General Pitman that it was. I would ask that it be made available at the earliest time, and that we have an opportunity to have a public discussion with you about its findings, so that we can put all the facts on the table and have the kind of analysis which is appropriate before a final judgment is made.

Secretary CHENEY. Fine.

Senator SPECTER. Mr. Secretary, are you in a position to comment about this dual sling option, as to what it means, and to comment on General Gray's conclusion that it is ridiculous to have that as an option to the V-22?

Secretary CHENEY. The question has to do—and I would have to go back; I remember that this came up in some of the original briefings on the program—it has to do with how you move marines, not only the personnel, but also their equipment, to the beach, and what kinds of capabilities are required, how much of a load you have to get there, under what conditions you would have to carry it. The number of aircraft—helicopters, V-22, whatever—that you need or require obviously has a lot to do with how you load out the systems. I assume that he is referring to some aspect of that debate, which is a significant one.

Senator SPECTER. Well, it is doubtless a technical matter. But I would hope in our next discussion that we would have the specifics as to how it works mechanically so that we can explore that question.

Secretary CHENEY. I am sure the marines would be happy to provide that, Senator.

Senator SPECTER. Do we have your authorization for them to do that?

Secretary CHENEY. Yes, sir.

Senator SPECTER. Fine.

When you talk about cost, Mr. Secretary, we are considering quite a number of strategic lines. There are a half dozen in the budget, and I would not deny the need for preparedness and for not cutting back in the face of a Soviet threat. But when you take a look at the multiplicity of programs on the strategic line and the tremendous importance of flexibility and consider that the cost of one B-2 bomber can pay for 35 V-22's, that is the kind of question which I focus on. And I have not made a judgment on it.

I just want to know what the facts are, as to how well this system works. Then we have to make the comparisons with the V-22, with the B-2, as to whether we think one B-2 is worth 35 V-22's.

NAVAL FORCES

Mr. Secretary, just one more question on process and on substance.

The issue of the naval force is very important and there was very extensive testimony given by the Department of the Navy in terms of what they would like to have, which is 22 carrier groups. That number has reduced to 14 in terms of what may be realistic. Then there is a proposition that you may have to go to 12, and there is even some talk about 10.

The facts which I feel we need here—and I have posed this question and not yet gotten an answer; I posed it in a hearing and asked for it in writing. I want to re-pose it to you because I think it is very fundamental and important. The question is, what do we accomplish with 22? How much do we lose when we reduce from 22 to 14?

I understand that 22 is out of the question as a practical matter. But when you talk about 22 in terms of real need, I would like to see what our losses are down to 14. Then I would like to know what we can't cover with 12 that we would have covered with 14. And I would like to know what we will cover with 10, the loss between 12 and 10, so that we can make an assessment as to which way we ought to go.

I think the comments about cooperation are really very, very important. We want to work with you and we have. We are all good friends. But we need to have access to the facts. When we move beyond the Secretary, sometimes it is hard to get them.

Senator SPECTER. I would, if I may, ask just one final question as to substance.

Well, I have used more than my time. I will come back for a second round, Mr. Chairman.

Senator INOUE. Thank you.

Senator Bumpers.

Secretary CHENEY. If I may, Mr. Chairman, do you want me to submit a paper for the record, then, in response to those questions?

Senator SPECTER. Yes; I would like that, Mr. Secretary, if you would. I am going to come back for a second round. But I will have some questions in writing as well. I think that is a very important question that really ought to have a formally structured answer as to what we would lose each time we move on down the range on available carrier groups.

[The information follows:]

The number of aircraft carriers we have determines the levels of continuous forward presence/crisis response, and contingency response, we can generate for specific geographic locations. Traditionally, we have kept an average of one to two carriers continuously deployed in the Mediterranean, one in the Western Pacific, and one in the Indian Ocean. In the last year, we have received NCA approval to reduce the presence level in the Indian Ocean to one carrier for half the year.

The specific numbers you mentioned in your question generate different levels of both presence/crisis response and the numbers of carriers available for longer term contingency operations. First, let me address the number of 22 that the Navy provided. [Deleted.] It includes 21 CVBGs and 1 training carrier. The difference between this number and fiscal reality is one method of measuring risk.

Having a CVBG forward deployed to Japan which supports both the Western Pacific and Indian Ocean rotations is critical to our ability to project power and our capability to provide stability throughout the region. We also need to remain steadfast in maintaining peacetime OPTEMPO/PERSTEMPO guidelines. With these two key factors, 14 CVBGs provide forward presence [deleted]. This only reflects peacetime presence and does not attempt to quantify crisis response or contingency operations.

Crises requiring heightened involvement must also be considered. If you consider the last decade alone, an average of approximately another 0.5 of a forward deployed CVBG has been required to meet the crises. We have had crises in areas that require the presence of more than the on-station CVBG such as the Indian Ocean/Persian Gulf in the early 1980s or several of the Libyan crises where we used two or more CVBGs. Historically, we have significantly lengthened deployments and gapped presence in other areas to support these unexpected crises. Should our force drop below 12 carriers, not only would there be a significant negative impact on the quality of life for our sailors but we are also risking a return to the hollow force of the late 1970s.

LENGTH OF DEPLOYMENT

Secretary CHENEY. If I may, Mr. Chairman, just for a second, there are a couple of key points to keep in mind, Senator, on the carriers.

One is the length of deployment. One of the new policies that we have established in this administration is that we don't want those deployments to be more than 6 months, more than 180 days. That is because when you put them out longer than that, we end up with crews leaving the service when they get back, when they are gone that long.

So, on average, your average carrier will be out 6 months out of every 18 on deployment. That is just a rough, ballpark, rule of thumb.

We have even gone so far in the last couple of months as to gap coverage in the Mediterranean for the first time in years in order to keep our commitment to get a carrier home within 6 months. So those two things, the optempo as well as the frequency with which you can deploy, are the key requirements in terms of determining

how many you need. Obviously, the fewer carriers you have, the less you are going to be able to do.

Senator SPECTER. Thank you.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator BUMPERS.

Senator BUMPERS. Thank you, Mr. Chairman.

Mr. Secretary, first of all I know you will be pleased to know that I support your decision on the V-22 and not because I don't have the same respect for that aircraft that you do. I think it is a magnificent aircraft and, as a former marine, I have a tendency to jump in the tank with the Marine Corps on almost anything they want. And they want that worse than they want to go to heaven. [Laughter.]

Senator LEAHY. That's because they know there are no marines up there. [Laughter.]

Senator BUMPERS. You may be like John McCain. He said he wanted to go into the Marine Corps, too, but they wouldn't take him because his folks were married to each other. [Laughter.]

REDUCTIONS IN KOREA

Mr. Secretary, I am one of the people on this committee who think there are a lot of threats to this country—the military threat and the economic threat. And so we, on this committee, have the responsibility of trying to provide you with what it will take to defend the Nation and, at the same time, deal with what the New York Times now says, when you take social security and the trust funds off budget, add the savings and loan bailout, you are looking at a \$335 billion deficit next year. That is what the real deficit is. That represents 27 percent to 28 percent of all Federal outlays. That's what we were spending as a share of the budget 5 years ago on defense.

Now, 27 percent of the money that we print next year will be funny money unless we do something dramatic. We necessarily have to turn to one of the biggest items in the budget to try to find savings.

Now, having said that, I want to open by saying that Senator Stevens said a moment ago that there are those who want precipitously to remove our troops from Korea. There is no question that he was referring to Senator Johnston and me, who have been leading the fight to reduce our forces in Korea. I am not going to belabor that argument all over again.

But you correctly said if you are looking for savings in a hurry, you have to do it in manpower. I am one who believes that North Korea is the most isolated nation on Earth, with the Soviets now making overtures toward establishing diplomatic relations with the South Koreans. Besides that, they are totally economically incapable and are not providing very much help to the North Koreans. So China is North Korea's only patron to which it can turn.

When you look at the population and the economies of the two nations, we have 43,000 troops there. I am convinced that a 9,000 to 10,000—particularly Air Force, Navy, and the intelligence community there—force would be more than adequate.

That is just a statement for your benefit, Mr. Secretary.

Let me go on to battleships.

You showed on your chart that we can save half a billion dollars over the next 5 years by decommissioning, mothballing, two of our four retrofitted battleships. My question is this.

NEED FOR BATTLESHIPS

The Navy now has put out an order that the 16-inch guns may not be fired on any of those because we have this new reopening of the investigation of the explosion on the *Iowa*.

Now, if we are not going to fire those 16-inch guns, and, considering the manpower requirements of those ships and the tremendous costs of operating those ships, why not mothball all four of them?

Secretary CHENEY. Senator, that obviously is a possibility. It is entirely possible that, after we get through the budget exercise, I would recommend or the Congress would conclude that the other two battleships could be stood down as well. I think, we hope, that the current order that is out against firing the 16-inch guns is temporary. But, of course, we have had to reopen the investigation because of new information provided by the Sandia Labs on the powder in the 16-inch guns.

I would point out that the battleships serve other purposes. They are a tremendous cruise missile platform. One of the capabilities that they have that has been added since they were first deployed many years ago is that cruise missile capability.

They are manpower intensive, with about 1,600 men in the crew on the battleship. But they also allow us in some cases now to show the flag, to create a naval presence without having to send a full-up carrier group, for example.

So, given sufficient resources, I think they are a useful asset.

The question is what the resource level is ultimately going to be and what kind of choices and tradeoffs we have to make between battleships and other capabilities.

COST OF B-2

Senator BUMPERS. Mr. Secretary, as you know, there are two or three figures floating around—\$75 billion to \$81 billion for the B-2's, if we built 132 of them.

Now, you have already said you want 75. General Chain says that is an acceptable number to him. My question to you is, What is the rationale for 75?

Secretary CHENEY. Senator, the number we came up with is based upon what it would take to maintain two wings at 30 aircraft each, plus have a few extra for your training program and your regular routine maintenance. We think if you get around 75, you have a usable force. You have two wings of aircraft that can still basically perform the mission.

If you go much below that, you are to the point where you have to maintain the training establishment anyway. You have to maintain the logistical support and the spare parts, et cetera, but you don't have much capability.

So it was my judgment, based upon my discussions with the Chairman of the Joint Chiefs and others, that 75 is about as low as

we could go and still have a viable capability to do what we think needs to be done in that area.

Senator BUMPERS. Mr. Secretary, I did some arithmetic yesterday afternoon, and my computation is, for example, that if you use the lower figure, \$75 billion, to build 132, to reduce to 75 reduces by 38 percent the number of planes; but you only save 19 percent of the money.

Secretary CHENEY. There is an increase in the unit cost; yes.

Senator BUMPERS. The cost now goes from about \$600 million per plane to over \$800 million, for one airplane.

It is my view, for reasons not only economic, but also another one that I will get into in a moment, it is my view that we probably ought to scrap the B-2 or just go ahead and procure those that we have on order and are sort of committed to, or buy the whole 132. The economies of scale here are outrageous. I mean, when you consider the fact that we are going to be spending over \$800 million per plane, it is very difficult for me to believe that that is a good buy, militarily or economically.

STEALTH SURVIVABILITY

Now, let me just, in that connection, recount something that happened in this subcommittee when Assistant Secretary Cann—is that the way he pronounces his name?

Secretary CHENEY. Yes; of the Navy.

Senator BUMPERS. Yes—when Assistant Navy Secretary Cann and Admiral Nyquist appeared before this subcommittee and I asked them about the survivability of our carriers and our battleships.

If the Soviets develop stealth technology, that would essentially allow them to hide from our radar.

Now, we take a great deal of pride in how we protect our carrier battle groups and our battleship groups, because we have tremendous radar and our aircraft carriers actually do scouting missions and so on.

So we have always felt that no enemy could approach those battle groups because of our superior radar, et cetera. I asked, What would happen to our carriers if the Soviets develop stealth technology? Admiral Nyquist replied:

I think it leaves us in pretty good shape. That's why we developed and deployed the Aegis radar. That's the radar that will give us the requisite capability against that kind of threat.

Now, my question is this: The Soviets have always at some point developed basically our advanced technology, from MIRV'ing missiles on down.

Now, if he is saying that our Aegis radar is capable of picking up a Soviet stealth technology, where does that leave the B-2 when the Soviets develop the Aegis radar?

Secretary CHENEY. Senator, there are a couple of points that I guess I would make. We have not yet flown the B-2 against the Aegis radar. The low-observable testing on the B-2 starts later this year.

Senator BUMPERS. Incidentally, Mr. Secretary, don't you think it would be a very good idea to do that?

-Secretary CHENEY. I don't have any problems with that at all.

There are a couple of things to keep in mind.

First of all, there is no way that I know of that we can sort of freeze technology. There is no magic answer out there that we can go and build today to give us military capability that the Soviets will never be able to counter. That is one of the reasons defense has been so expensive over the years, because of evolving technology.

We do have, when we look at Soviet air defense capabilities, some estimates about how good they are now and how good they are likely to be in the future. This affects and governs decisions we make about stealth. We also make estimates about what kinds of stealth capability they are likely to deploy themselves.

Our experience has been that they do, in fact, ultimately acquire sophisticated military technology but that their systems, depending on which ones you're talking about or which category of weapon systems, come on-line after ours do.

For example, the MIG-29 and the SU-27 are currently their top-line fighters. Our F-15 came into the force in 1975; their MIG-29 came in, as I recall it, at about 1986. So there is about a 10-year gap in that regard.

We think, when we deploy our own stealth aircraft, the A-12 or the ATF, for example, that they ultimately will be able to do the same, but that it will be several years later than ours.

Obviously, you get into the stealth/counterstealth exercise as well. Those are problems that we have to address constantly, and it is one of the main reasons we continue, and, as I mentioned in my opening remarks, why it is so absolutely essential for us, even as we build down the force, to protect our R&D base to deal with these kinds of technologies.

The more disturbing trend, if you want, than just what we deal with vis-a-vis the Soviets, because relations are improving there and maybe they will stay pretty good in the future, is to think about the spread of that technology around the world to other countries. That is the situation we are faced with today in ballistic missiles, in sophisticated air defenses, and sophisticated aircraft, like the MIG-29, which is now widely available in the world market, and, eventually, we will also have to deal probably with stealth capability in the hands of other nations.

We don't have to yet, but some day we will.

Senator BUMPERS. The whole rationale now for the B-2, of course, is the penetrating capability.

Secretary CHENEY. Right.

Senator BUMPERS. I am just simply saying that if we build that plane, it seems to me there is a very good possibility that, unless we can develop some extra stealth technology to it to make it even more penetrating, to defeat something like a Soviet Aegis radar, we ought to look at that whole thing very, very carefully considering the staggering cost of the program. I think you would agree with me on that.

Secretary CHENEY. But at this point, of course, the Soviets do not have the Aegis radar. I think the jury is still out on exactly what the Aegis radar's capability is against the B-2.

The mission we want it to fly would not involve going against Soviet naval forces anyway. You want it to penetrate Soviet land space. We know now and can pretty well estimate what their capabilities are likely to be in the future in terms of their own radars that they will deploy and their surface-to-air missile threat, and their look-down/shoot-down radar capability on their interceptors.

So I am confident that the B-2 can do the mission that it is intended to do. But we still have a lot of testing to do, and if I didn't believe that, I would not have recommended going forward with the 75.

STRATEGIC TARGETING

Senator BUMPERS. Mr. Secretary, the strategic modernization program is always designed to carry out our SIOP, which is probably the most closely guarded secret in America; that is, the targets in the Soviet Union that we choose to hit.

I have never seen it and I don't know of any Member of Congress that has ever seen it.

Now, I get a little irritable with people like General Chain, who wants the B-2 and says he can't carry out his mission if he doesn't get at least 75 of them, and so on. But my point is this: If I were General Chain and I looked at the SIOP, and I were charged with a particular part of it, carrying out that mission, I'd want everything I could lay my hands on, I suspect.

My point is I don't see how this committee can deal with strategic technology and strategic weaponry and know, considering the choices—and that's what we are up against here; we are talking about choices and priorities—how can we do that without knowing what the SIOP is which is being crafted by a bunch of people, not just you and others, but an awful lot of people who never appear before this subcommittee.

Now, I understand the Armed Services Committee has asked the General Accounting Office to do a study of the SIOP and report back to them. I also understand that it has not been changed fundamentally in many years.

But my point is, No. 1, will the Defense Department resist GAO making that study for the Armed Services Committee?

Secretary CHENEY. I am unfamiliar with the request for the study, Senator; I'll take a look at it.

Obviously, I think the committee needs good information to make decisions. I also think from time to time there are certain things that obviously are so closely held that the extent to which that information is shared is very narrow and very limited. Sometimes it is only to a couple of Members of Congress.

I would think that there ought to be a way to satisfy Congress' legitimate needs for information about the SIOP. I would also understand and I think Members of Congress would understand that there are areas where, in terms of targeting, in terms of the actual implementation or utilization of that force, you are going to want to talk about categories, you are going to talk in generic terms, you are not going to want to get specific. I think we are correct to protect that. I think you would if you were in my position.

The SIOP is modified on an annual basis. It is actually prepared out at Omaha, at the JSTPS, the Joint Strategic Target Planning Staff. It is then brought in and briefed to me. I sign off on it.

There are annual revisions in it to reflect changes in the target base, if you will, changed circumstances.

Senator BUMPERS. The target base has been severely diminished with Eastern Europe going its own way; isn't that correct?

Secretary CHENEY. That's correct.

Senator BUMPERS. Well, let me ask you a question on that point.

Secretary CHENEY. We have, indeed, responded accordingly.

NUMBER OF WARHEADS

Senator BUMPERS. Well, the agreement that Gorbachev and Bush signed in Washington the other day, the parameters of a START Treaty, will give us more warheads than we had when we started talking about START.

Now, how do you account for the fact that we are entering into an agreement with the Soviet Union where we will actually wind up with as many, maybe a few more, warheads than we had when we first started talking to them about it, given the severely reduced number of targets in Eastern Europe?

Secretary CHENEY. Well, START, of course, places limits on and reduces certain types of nuclear weapons. The fact is our nuclear stockpile has shrunk over the years. We have fewer weapons today than we had previously, whether we are talking strategic systems or tactical systems.

I have, in my capacity as Secretary, asked for a separate review of the SIOP since I became Secretary. That is now underway. It is separate and apart from the annual review that we do on a regular basis because the SIOP, as a targeting process, is a continuous one. It is then changed on an annual basis. It is then briefed to me. It is then briefed to the President, and we sign off on it.

That has been the standard practice on a regular basis. So, in effect, the SIOP is new every 12 months. It will be built on what is there. You take stuff out and you add stuff into it. That is the process that goes on on a regular basis.

Over and above that, I have asked for a separate review myself because I want to make certain, especially as we go into a START constrained environment, that we have scrubbed it as thoroughly as possible and that we have what we need, but that we don't have anything extra that we don't need.

TRIDENT SUBMARINES

Senator BUMPERS. Mr. Secretary, my time is about up. Let me ask you just a couple of things very quickly and hopefully we can get through them quickly.

No. 1, is it true that we are going to stop with 18 Trident submarines now?

Secretary CHENEY. I don't know yet.

We have money in the budget now for 18. The debate has been whether or not we go forward and continue to build more Tridents, possibly up to 21 or 22. This is influenced by two factors. One is whether or not we are able to get an offset in the START agree-

ment that would allow us to have two or three submarines in overhaul; for example, at the same time.

Senator BUMPERS. That is not a done deal yet, is it?

Secretary CHENEY. It is not final yet. We are close, but we don't have everything resolved yet.

The other thing is cost. At this stage, as we look at that 1992-97 POM, those lines that I showed out there take us down so far, even on the President's program, that everything is on the table, and I mean everything—Trident and everything else.

Senator BUMPERS. Incidentally, I have always been an ardent proponent of the Trident. I think the Trident is easily the most important thing in our strategic forces.

But I have been concerned about continuing to build a \$2 billion or \$3 billion submarine that may very well, under some future START agreement—maybe this one—wind up having to be dismantled. That would be folly in the extreme.

But my point is, if we build 18 instead of 24, we also save 144 Trident II missiles, at a saving of about \$3.7 billion; is that not correct?

Secretary CHENEY. I could check the numbers, Senator. I don't know the numbers precisely.

[The information follows:]

Since each Trident D-5 submarine is equipped to carry 24 missiles, a reduction of 6 submarines would result in 144 fewer missiles required for loadout. However, due to differences in the deployment schedules between 24 and 18 submarines as well as differences in support missiles, the actual number of missiles required to support 18 submarines is 137 less than those required for 24 submarines. Such a reduction would have no impact on the FY 1991 budget. Since Trident II missile procurements are planned in accordance with loadout and support requirements, missiles for the 19th and later submarines would not be procured until beyond the current five-year defense plan.

The current estimate for procurement of 137 missiles subsequent to FY 1994 is \$4.0 billion.

Senator BUMPERS. Well, we certainly ought not to be buying long lead items for all of the Trident II missiles that we would have to have to furnish a force of 21 to 24 until this decision is made, and I know you understand that.

Secretary CHENEY. Yes.

We have not only this decision and the decision on how many land-based systems that we are going to want, but all of this hinges, in large part, upon what ultimately emerges from the START negotiations.

We are close now to being able to sit down and make those decisions within the Department because we are pretty close to knowing what START is going to look like. But that will affect, for example, what we do with the Minuteman II's and how fast we take down that force.

There are still arms control issues out there, like the issue of whether or not we ultimately want to encourage deMIRV'ing, which is one of the items that is on the agenda for the next round of START talks, agreed to by the President and Mr. Gorbachev when they were here a little over a week ago.

So those decisions will be made. I would expect we will have a recommendation to the Congress on them with the next submission, certainly, in January.

The one point that I would make, Senator, on that is this. Another item to keep in mind, when we talk about the number of systems that we need in order to cover the target base, is on the other side of that equation, of course, is the number of platforms we have. The fewer platforms we have, you can argue that that could lead to instability, in the sense that if you only have a few Tridents, instead of a lot of Tridents, you are more vulnerable to a breakthrough in Soviet ASW capability. So these are not easy questions to answer.

BASE CLOSURES

Senator BUMPERS. Mr. Secretary, let me make two observations.

No. 1, I will send you a letter in writing on the MX, the rail mobile part of which I strenuously object to. I think that would be foolish in the extreme. I have people like a couple of your predecessors on my side on that.

The other thing is—well, let me just go to my last question.

You are a former Republican House Member. You are now part of a Republican administration, and, of course, I am a Democrat.

I want to say, first of all, that I believe in base closings, and my State will be happy to do its share when it comes to that, as every member of this committee will.

But I would ask you for a moment to reverse positions with me and assume that you are a Republican Senator sitting here—just assume that I am a Democratic Secretary of Defense sitting where you are and you are a Republican Senator sitting where I am. And you are looking at an analysis of your base closing proposals, and you see that 41,638 jobs are to be abolished. That's 41,139 jobs that will be abolished with the base closings, that are in Democratic districts; but 499, or 1 percent, are in Republican districts.

Now, do you think it would be insane for me to be slightly suspicious about how that decision was reached down at the Pentagon? [Laughter.]

Was that a very thorough military analysis of which bases ought to be closed?

Secretary CHENEY. Well, as a matter of fact, it was, Senator.

Senator BUMPERS. You don't mind if I remain suspicious, do you?

Secretary CHENEY. No.

Senator BUMPERS. The politics are all in your favor because the President has already said exactly what many of us knew he would say, which is these guys say they want to cut defense spending, but if you try to cut a base in their State, they go ape.

We all knew that was coming when we saw these figures here. But go ahead.

Secretary CHENEY. It's the first I've seen those figures, by the way, Senator. I did not do the analysis of the job impact before we came up with it.

What I did was to direct the services, as they developed their long-range plans and thought about restructuring the force and downsizing the force, to also look at base structure; that it did not make any sense to keep all the bases open if we were going to have a lot fewer divisions in the Army, for example. They have done that.

They then came up with a list of recommendations of the 47 bases that we released last January and said these are the ones that we are looking at. Twelve of those are foreign bases. I don't have to go through an elaborate process there. I can just go ahead and close those or withdraw U.S. forces from those bases.

The others, some 36, I believe, 35 or 36, are in the continental United States and, obviously, that is where some of the sensitivities lie.

I only changed that package in one respect, and that was with respect to a foreign defense minister, one of our allies, who asked that I take one base off his list because they had a problem there that they wanted to negotiate with us.

Senator BUMPERS. Do you think more of him than you do of the Senator from Arkansas? You don't want to take mine off the list? [Laughter.]

Secretary CHENEY. No; but he made a good point, and we will ultimately get it resolved. He had a position that he wanted to put forward, and so we took it.

Again, I don't have to go through the process with him that I do with a domestic base. On domestic bases, I have to do half a dozen studies on each one; I can only submit my recommendations to the Congress in January, when I come back up with the authorization. That then starts the clock ticking.

If I don't submit it in January because of the current statutory requirements, I can't do it. I cannot come up here in April and start the clock ticking on the base submission list. The Congress has taken good care of that over the years.

The fact is that the lists were indeed generated by the services. They were generated, I believe, on what they thought their requirements were going to be. The Philadelphia Navy Yard, for example, is one that surfaced as being very controversial. The fact is the Philadelphia Navy Yard—and Philadelphia is primarily represented by Democrats; that is not my doing as I once went up there and campaigned for a Republican—the Philadelphia Navy Yard basic mission is the SLEP program for our carriers, our Service Life Extension Program. That is the only place we do it, and if we don't have 14 carriers, we don't need to do the SLEP's. Then, if we don't need to do the SLEP's, then Philadelphia crops up as the one you ought to look at.

In the case of the Air Force Logistics Command, for example, the Air Force is under instructions from me to try to find ways to streamline and make more efficient that operation. If you look at where the Air Force Logistics Command is located, it is at six bases around the country. Five of those bases are in Democratic districts. One is on the line between a Republican and a Democratic district.

I did not select it on a partisan basis. If I want to do anything with the Air Force Logistics Command, I have no choice but to deal with those six bases. I didn't have anything to do with the fact that they are in Democratic districts.

So there is no formula that I can apply on a partisan basis and say that we are going to take one-half the jobs out of Democratic districts and one-half out of Republican districts. I just have to go out the best I can, follow the best advice that I can, in terms of what their requirements are, and proceed accordingly.

But I can assure you that I did not try to do it on a partisan basis.

Senator BUMPERS. But you would agree with me that this looks like more than coincidence, doesn't it, when 99 percent of the jobs to be lost are in Democratic districts?

Secretary CHENEY. I have not seen the analysis. I don't know who did the analysis or what the basis was for it.

From the screams, Senator, that I have received from some of your Republican colleagues, they don't think it is overly partisan. I think, if you look at the House side, you will find that a lot of them, probably more of them, are in Democratic districts. But on the Senate side, I know for a fact that there are Republican Members of the Senate who represent the same areas, because you have a Republican Senator and a Democratic House Member, and they feel that they have been hit as well.

But I think the important thing here is this.

I understand because I was a Member from Wyoming for 10 years. My folks in Wyoming expected me to represent Wyoming. That was my job then. I think we all understand that that is one of the functions of Members of Congress. But somehow, out of that sum total of all of those concerns about individual States and districts around the country, we have to produce a national result, and that national result has to be a smaller base structure.

Senator BUMPERS. Well, I don't know how many there are. Are there 200 air bases in this country?

Secretary CHENEY. I'd have to go and get the list.

[The information follows:]

NUMBER OF AIR FORCE BASES

There are 101 major Air Force bases, 104 minor Air Force bases and 179 properties associated with Air Force bases in the 50 States.

Senator BUMPERS. Of the four Air Force bases on your base closing list, one is in my State and in the most pervasive, poverty-stricken area in the United States. I daresay you could not have picked a single air base in the United States, frankly, that would cost the Government more money, not just in military terms. I am talking about the economic trauma, where the unemployment rate will go to 30 percent the day it is closed. You could not have picked a worse one.

So you can see why I want to help cut the defense budget, but I cannot help but be a little suspicious about that. If you were a Congressman from Arkansas, instead of having been one from Wyoming, how would you explain to the people in Blytheville, AR, that you are opening a new base in Crotone, Italy, and closing one in Arkansas? Politically that is a tough thing to do.

Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

Secretary CHENEY. Thank you, Senator.

Senator INOUE. Thank you.

Senator DeConcini.

EXCEPTIONS TO BASE CLOSURES

Senator DECONCINI. Mr. Secretary, as long as we are talking about base closing, I would like to follow that up on a base realignment matter that we took up with Secretary Stone at some length, and that is the Fort Huachuca/Devens realignment.

I understand very clearly from talking to the Secretary that the law is pretty clear on what you have to do and that it is your obligation. He stated here, when asked about the GAO report that was done on the cost effectiveness, just to refresh your memory, the Base Closing Commission recommends or suggests that there be a 6-year payback for any base closures or realignments.

The Secretary says, if I remember the statistics correctly from the GAO report, that the Army would recover its investment—this is between the Devens and Fort Huachuca realignment—in between 43 and 200 years.

Well, I asked the Secretary what he thought about that from a business standpoint, and this is what he said:

From a business viewpoint, as a manager in the private sector, no investment would ever get by a board of directors if it were going to be a 43-year payback. We are looking at a figure of something like \$480 million to make that move. The recovery of the investment through the realignment does not make business sense.

When you lay your charts up here about the difficult situation you face—and, believe me, I can't understand how you are going to get there, even with your own figures. I think it is difficult, and, when presented with what the Congress might do, you are obviously going to have to cut a lot of force structure.

Senator Nunn and I entered into a colloquy on the floor regarding this base closure which directs you to do it. He volunteered or said, among other things:

Obviously, if significant errors were made, one would expect the Secretary of Defense to consider whether these alignments should proceed.

So my question, Mr. Secretary, is are you going to do anything about the four or five that I am privy to—and maybe there are more—realignments that are really going to cost an exorbitant amount of money? One of them happens to be in Arizona. Obviously I have a self-interest in it.

Quite frankly, I don't know that I would be asking you this question if it were not in Arizona, but it seems to me awfully hard to justify, and it is unfair, perhaps, to put the burden on you to, if you wanted to, come up here and say that we have four or five errors here and we should not do them and we want you to change the law.

What are you going to do about it?

Secretary CHENEY. Senator, I believe it is important and I believe what you are talking about is part of the original base-closing package.

Senator DECONCINI. Yes; the base-closing package that mandates that you do it regardless of what the costs or anything else are, unless you decided that it does not make good business sense and we ought to change one, two, three, four or five out of those 80 bases.

Secretary CHENEY. We have two broad categories of base situations out there now. One is the ones that I discussed with Senator

Bumpers, the ones that we surfaced in January that are currently candidates. No decision has been made yet.

SPECIAL LEGISLATION

Senator DECONCINI. No; I am not talking about those. I will talk about those later. I'm talking about the Base Closing Commission ones.

Secretary CHENEY. The ones you are talking about are the 86 that the Base Closing Commission, which was established by statute, signed off on.

Senator DECONCINI. Yes, sir.

Secretary CHENEY. It's true. We are, in fact, bound by the statute to follow through with that recommendation. That was the package deal that Congress gave us.

Senator DECONCINI. Unless you want to do something about it.

Secretary CHENEY. Unless we want to make a legislative change.

Senator DECONCINI. Yes, sir.

Secretary CHENEY. We could, I suppose, consider the possibility of an amendment, maybe to the authorization bill when it goes through this year, that would change that statute. But that is the only way I know of to relieve us of the burden of implementing that package.

Senator DECONCINI. I understand that. My question, Mr. Secretary, is, are you considering doing that in light of the \$480 million that it is going to cost to do this, and between 43 and 200 years to pay back?

I realize that puts a burden on you. I can't get it passed here. I tried to get it exempt on the floor and the chairman and ranking member here were very sympathetic that maybe four or five of those bases were a mistake, and tried to convince the authorizing committee that we ought not to proceed with those that are clearly a mistake.

And here we have them. Unfortunately, I don't have any recourse but to see if Secretary Stone's good, common business sense would influence you and your good, common business sense to do something that politically you would catch hell from because of other bases that are not closed. But it saves money.

Secretary CHENEY. Senator, I am certainly willing always to listen to any recommendation or suggestion from the Congress. I am not familiar with the details of the Huachuca-Devens transfer, in terms of the dollar figures that you cite.

Our concern has in part been—and maybe this is not a valid concern—but has been that once we reopen the question, that we would not get legislation that dealt just with four or five bases, but, rather the net result would likely be to either put a lot of other bases off limits or to make it even more difficult for us to address the base questions in the future. The net result would be to reduce our flexibility.

Senator DECONCINI. I guess I am asking, Mr. Secretary, that you do look at it and talk to Secretary Stone.

Secretary CHENEY. I'll do that.

Senator DECONCINI. If you decide that it is too politically risky, I am not going to say that I have the courage to do it every time

that it has to be done on the political side of it. And there are four or five other bases that fall into this same category, I am told.

But it seems to me that it might make sense to at least cover yourself and say, "Hey, look, these are four or five bases that we ought to change, and it is our recommendation." If the initiative does not come from you, it is not going to come from here because of the reasons you have just stated.

Secretary CHENEY. I will be happy to take a look at that, Senator.

HELICOPTER PRODUCTION

Senator DECONCINI. I would appreciate it, Mr. Secretary.

Mr. Secretary, I want to talk about the helicopter program. At the end of this year, you will terminate production of the OH-58D and the AH-64 Apache. Additionally, you have announced that the Army will no longer be producing its workhorse helicopter, the Blackhawk.

Now we are hearing rumors on the Hill that the rug may be pulled from beneath the LH or light helicopter program.

Will the Army have any helicopters in production after the next year or two?

Secretary CHENEY. The proposal that is before the Congress is on the AH-64, to complete the buy, if you will, sooner than was originally anticipated, to do it in 1991; and also in 1990 to stop the OH-58D procurement.

Both have been good programs.

Senator DECONCINI. Yes; very good programs.

Secretary CHENEY. It just boils down to how many of them you need, and that includes the OH-58D with the mast-mounted sight. It is a good piece of equipment. We have used them very successfully in a number of places. It is just a question of how large the total buy ought to be.

The same is so for the Blackhawk. The Blackhawk is a good helicopter. There are no problems with it and it continues to be a superlative helicopter with great survivability and readiness.

The LH is currently under review within the Department. It is one of the major program areas where, if we go forward, we will ultimately spend a lot of money on it. It is at that early stage of development so that it made sense to review it now. I have not yet received back from John Betti, the Under Secretary for Acquisition, who is conducting the review, their recommendations.

This is similar to what we did on the major aircraft review of the B-2, the A-12, et cetera.

I should have that shortly, and then we will make a decision on it.

Senator DECONCINI. I think in the next few weeks, or so I am told; is that correct?

Secretary CHENEY. Yes; there has been at least one preliminary session presentation to Don Atwood, my Deputy. I would expect that within the next few weeks I will see the recommendations.

Senator DECONCINI. The current LH plan, just for the record, calls for production of 1,875 over the life of the program, and, of course, your decision is going to be crucial. If your decision comes

to the conclusion or your decision is not to produce that helicopter, it just seems to me like we are left with no helicopters in production for the military, and that is something that is dangerous in my judgment. Even if it isn't the Apache, the LH, or whatever, I hate to see us that vulnerable. I presume you do, too. And that is part of your judgment process. Is that a fair statement?

Secretary CHENEY. Yes; that is one of the considerations as we get down to a smaller and smaller force with fewer production lines still open. We find ourselves in the position where we have to be concerned about maintaining the capability to produce certain weapons. If we follow the President's recommendations, if we don't have to cut below that, we will be down to one aircraft line open for the Navy, one aircraft line open for the Air Force and the tank production line will basically shut down except for foreign military sales. There is no question but what we are getting into the area in procurement because the budget is going to be so tight that we are just going to have to make some choices.

One of the reasons we shut down the M-1 production line, recommended that, is that the Army can provide the resources needed to start developing or thinking about that next generation tank. The LH has been that kind of aircraft.

But at this point, I have not yet made the final decision. I have not seen the studies yet and want to reserve judgment until I do.

Senator DECONCINI. Well, I can understand you wanting to wait for it, Mr. Secretary. I just want to reemphasize that if your judgment is to not proceed with the LH, the light helicopter, it seems to me that we are very vulnerable having no helicopter in production after 1991 or 1992 for sure. That really concerns me.

STATUS OF AH-64

Regarding the AH-64, there have been a lot of exposes, including one in the infamous Philadelphia Enquirer. GAO is doing a study that has been very critical of it.

Do you know or can you comment on the Apache readiness rate as they stand today? What is your analysis of the Apache?

Secretary CHENEY. Well, I can give you a quick thumbnail, and then we can respond perhaps more elaborately for the record, Senator.

My general impression is that there have, indeed, been some problems with the Apache; that it has a lot of capabilities, but that it requires a lot of effort in terms of maintenance and upkeep; that we have had to make major efforts in that area.

I would not want to go beyond that without getting into the technical details that we would be happy to provide you.

I am not saying that it is a bad helicopter, but it is a complex system that has been difficult to support.

Senator DECONCINI. Can you give me, or the committee here, just your analysis? I realize you would have to go back to the service for that.

Secretary CHENEY. Sure; I would be happy to do that.

Senator DECONCINI. Give us your analysis as to the readiness, the standby, and the parts problem, whether or not those are cured and whether or not this is an integral part of our force structure,

and if it is still capable and very important, something that we must rely on.

I would like the record to be clear. If it is not there, I would like to know it, too.

Secretary CHENEY. Yes.

I don't want to characterize it as a bad system, but some systems work better than others in performance. Some are maintenance-intensive, manpower-intensive, to maintain your readiness levels on; others are not. My general impression of the Apache is that it is maintenance heavy.

Senator DECONCINI. Would you include in that what your analysis and your opinion is as to its readiness? That is my real concern.

Secretary CHENEY. Sure.

[The information follows:]

APACHE'S PERFORMANCE AND READINESS RATE

The worldwide Apache readiness status has recovered from the effects of the May 1989 storms and the extensive maintenance manhours required to perform three safety-of-flight inspections during that period. Ninety-four of the 110 damaged Apaches have been repaired. The remainder are currently in a depot maintenance facility and will be returned to the operational fleet by the end of the year.

The worldwide readiness rates of the last three months are comparable with the averages of the year prior to the storm. The May 1990 Fully Mission Capable (FMC) rate is 61 percent versus a goal of 70 percent and the Mission Capable (MC) rate is 70 percent versus a goal of 75 percent.

The readiness rates of the five battalions in United States Army, Europe (USAREUR) have exceeded the Army's goals since February. The improvements include solutions to materiel design and reliability problems, more effective fault isolation techniques, better management of available maintenance manhours, an expedited supply system, and stronger command emphasis. Personnel strength has been found to be key in achieving readiness goals when the other factors are kept at satisfactory levels. Apache units are now near full strength in personnel. Additionally, the USAREUR units are supported by five-man civilian contract teams as an interim measure until each battalion receives a 35-man increase in strength, 18 of which are maintenance personnel.

Worldwide Apache readiness rates are expected to rise steadily during the next two years as the fixes mentioned above are implemented. Recent extended operations and exercises bear out that Apache Attack Helicopter Battalions perform their primary flying and maintenance missions well.

			<u>FMC</u>	<u>MC</u>
Just Cause	20 Dec 89 - 9 Jan 90	316 hours	76.0	81.0
REFORGER 90	15 Jan - 29 Jan 90	2670 hours	74.0	84.7
Hunter-Liggett	Jan - Apr 90	1516 hours	84.0	87.7
Willing Eagle	6 - 24 May 90	305 hours	89.0	98.0

Senator DECONCINI. Thank you, Mr. Secretary. I have some other questions that I will submit for the record for you to answer when you have time.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

GROWTH IN STRATEGIC REQUEST

Mr. Secretary, your fiscal year 1991 budget request has at least 21-percent real growth in strategic offensive programs and about 20 percent in the SDI, real growth.

At the same time, major reductions are being made in the conventional forces. How do you justify this?

Secretary CHENEY. Well, Mr. Chairman, there are a couple of ways, I guess.

First of all, while it is true there are increases in the strategic programs, the strategic programs are still a relatively small part of the total defense budget. If we are going to save big dollars long term out of defense, it just about has to come out of conventional forces because that is where the dollars are. That is where the personnel are; that is where the forces are; that is the manpower-intensive part of our effort.

With respect to strategic systems, we look at the Soviet threat today and see a very robust threat. They continue to modernize. The Soviets are deploying new, mobile, land-based systems, two of them—the SS-24 and the SS-25—and a silo-based system, a variant of the SS-24. Last year they deployed two ballistic missile submarines and we deployed one. Last year we built 12 ICBM's; they built 140.

So they have an ongoing, major rampup. The good news that everybody has seen over the last year, the positive developments in Europe and elsewhere, have not extended to a reduction in the Soviet strategic threat against the United States.

We believe there is justification for beginning to think about taking down that conventional force structure in Europe in response to the withering of the Warsaw Pact and, hopefully, ultimately, a conventional forces agreement. But there is no equivalent development where strategic forces are concerned that would justify a significant cutback.

With respect to SDI, that continues to be a high-priority item for the administration, for the President and myself. We think that the world will be a safer place down the road if, in fact, the United States develops and deploys strategic defenses; that a deterrent system that is based not only on our offensive capability, which is the case today, but also on defensive capability, is ultimately likely to be more stable. We are also concerned about what we perceive to be the growing Third World ballistic missile threat.

That Third World capability we think by the end of the decade will number some 15 nations. They will not have intercontinental ballistic missiles, but they probably, some will have intermediate range missiles. All of them will have short-range systems.

The programs that are currently available, or are likely to be available in the future, that will allow us to deal with that kind of problem are in the SDI arena. So we think, both from the standpoint of the Soviet capabilities, as well as the proliferation of the Third World threat, SDI continues to be an important priority for us.

As I say, the total size of the strategic program, in terms of the total budget, is well under 15 percent.

Senator BUMPERS. Mr. Chairman, would you yield for a moment on that subject?

Senator INOUE. Certainly.

STRATEGIC DEFENSE INITIATIVE

Senator BUMPERS. Mr. Secretary, you touched on SDI, and, as far as I know, that is the first time it has been mentioned this morning. But I want to ask you a couple of questions on that.

No. 1, do we have a single NATO ally who will support deploying SDI in a way that would violate the narrow interpretation of the ABM Treaty? That is No. 1.

No. 2, with regard to Third World nations, it seems to me that we're involved in sort of a self-fulfilling prophecy. We say that the Third World is now the threat, and here is a list of all the stuff we have sent and are planning to send to the Third World [indicating]. It is unbelievable, the billions of dollars' worth of stuff there.

But why would a Third World nation want to spend all the money and resources in developing an intercontinental ballistic missile capability when they could clandestinely introduce the same weapons in this country much easier?

As Harold Brown said, so far as the Third World is concerned, you don't really need SDI. What you may need to do is hire more customs agents.

First, on our NATO support.

Secretary CHENEY. Well, I have not asked our NATO allies about the narrow interpretation of the ABM Treaty. That is basically an issue for Americans to deal with. At least, I have never had that conversation with them.

Senator BUMPERS. So just go it alone? If everybody in the NATO alliance objected to deployment of SDI in such a way that it violated the ABM Treaty, would we go forward with it, as far as you are concerned?

Secretary CHENEY. Senator, at this point I am not ready to make a final judgment. But my own personal view would be that, ultimately, the United States ought to go forward and deploy SDI; that it is in our strategic interest to do so; and that, while you might want to consult with your allies about that effort and that activity, I personally believe the world will be a safer place and the United States will be a lot safer when we have the capacity to deal with the ballistic missile threat, which, today, we do not have.

I think that is a decision that ought to be made. If there is no other way and the only way to do it is to do it unilaterally, then I would do it unilaterally. That is my own personal view.

We are not at the point yet where we have made a recommendation to the President or where he is in a position to make a recommendation with respect to deployment. We hope to maintain a SDI program that is robust enough so that ultimately he will have that capacity.

In terms of the delivery, if you will, surreptitiously, introduce weapons into the United States by Third World nations, that is always a possibility.

I am not as concerned about a direct assault on the United States by those nations as I am about the possibility that there will

be regional conflicts involving those nations that have that kind of capability; or that U.S. forward deployed forces would be vulnerable to that kind of attack.

I look out there today and I see Iraq with having tested, on television—they televised the exercise—what looks like about a 1,000-kilometer ballistic missile. We have heard from the President of Iraq, Saddam Hussein, who talked about his chemical weapons. We intercepted their efforts to smuggle into Iraq, through Britain, triggering devices for nuclear weapons.

As we watch today, there was a report in the New York Times—not from any classified source—but the report in the New York Times recently speculated about what happens if India and Pakistan go to war. For the first time in history, you would have two Third World nations with nuclear capability engaged in a conflict.

We know the Indians are developing and have developed and tested a ballistic missile capability. That is not to say that they are an adversary of ours at all at this point. The point is, as we talked earlier, about the pace of technological change, about stealth and counterstealth, about aegis versus stealth, and the need to keep pace with those kinds of developments.

But what is also happening out there is it is not a made-up threat. You can go and list the countries that have that capability or are developing that capability. What we have is the spread of weapons of mass destruction and the capacity to deliver those systems to countries that have sometimes unstable or unpredictable governments.

EFFECTIVENESS OF SDI

Senator BUMPERS. Mr. Secretary, if India and Pakistan get into a nuclear exchange, would we activate SDI if we had it?

Secretary CHENEY. Absolutely not. I mean, we have no interest in getting into the middle of those conflicts.

But my point is that you do, I think, have to be concerned that there are going to be altered circumstances from what we've faced for the last 30 or 40 years. Whereas our primary concern has been the Soviets and the Soviet strategic threat to the United States—and that threat continues, it has not gone away—there also now is the proliferation of other nations that are developing similar capabilities.

Now, how long it will take, I cannot say. Is it the point at which it threatens U.S. interests, or a U.S. ally, or U.S. forces deployed overseas? We can speculate about it, but nobody can say with certainty today.

What I can say is that today we don't have any capacity to deal with that threat except to obliterate the launching nation; that the programs that currently are available, in terms of efforts to deal with that, are in the SDI umbrella. Those are programs that ought to be pursued because that kind of research and development, I think, ultimately will allow us to deal with what is going to be a significant threat for our successors.

Senator BUMPERS. If the Iraqis, for example, decided that they wanted to cause a lot of mischief in this country, it would be a lot less expensive for them, wouldn't it, to develop a cruise missile,

which is invulnerable to SDI, than it would be to develop an intercontinental ballistic missile capability?

Secretary CHENEY. Well, the fact is the ballistic missiles are on the market. They have tested them. They have them now. They don't have any cruise missiles to my knowledge, though they have the Exocet.

Senator BUMPERS. They can probably get them cheaper and SDI would be totally ineffective against those cruise missiles.

Secretary CHENEY. Well, again, the capacity to deal with that kind of sophisticated threat against the United States is being developed and explored within the rubric of SDI. SDI is not just your space-based systems; it is also the sensors; it is also your ground-based systems. You can say that you don't want to deal with that threat, that you are not going to worry about it, that Iraq is never going to attack the United States, or if they do, they are going to do it with a suitcase bomb, so we won't worry about anything else. Well, I don't think that is the right way to go.

It would not be my recommendation to the Congress that we do that. It would be my recommendation that we ought to spend what is less than 2 percent of our defense budget continuing the SDI program, in the hopes that, ultimately, we will be able to defend the United States against a threat we cannot defend it from today.

Senator BUMPERS. Mr. Chairman, thank you for your indulgence.

Senator INOUE. Thank you very much.

I realize, Mr. Secretary, that you have to leave here in about 15 minutes; is that correct?

Secretary CHENEY. Yes, sir.

SPECIAL OPERATIONS OVERSIGHT

Senator INOUE. My last question I will just read out because I think it is very important. May I request that you respond to this in writing?

Secretary CHENEY. Certainly.

Senator INOUE. Mr. Secretary, I understand that you are presently reviewing a plan to allow special operations, including secret U.S. military activities in foreign countries, to be conducted with significantly less oversight from the executive branch.

While I fully support the maintenance of a strong special operations capability, I am becoming increasingly concerned that a new operational empire is being created within your Department, free of the oversight controls which my experience in the Intelligence Committee, and, together with you, on the Iran-Contra Committee, have convinced me are necessary for the protection of our constitutional liberties.

My question would be this, Is it true that Special Operations Command has requested, and you are considering, relief from normal oversight procedures? If so, what prompted this request?

Secretary CHENEY. Senator, I have not received the request. I have seen press reports about the request.

Frequently, I find that I read in the press about activities within the Department. They don't always notify me before it shows up in the press.

My basic reaction would be the same as yours, I think, to the suggestion that there ought to be any relaxation or diminution of civilian oversight of those activities. I spent enough time on the Intelligence Committee in the House when I was still a Member, before I became Secretary, and, as you indicated, in our joint service on the Iran-Contra Committee so that I would be extremely sensitive to the proposition that there ought to be any relaxation of those controls.

We have gone to considerable lengths—as a matter of fact, I would be happy to discuss these with you in private or in a classified session—to establish some new controls in one particular area to make certain that there is signoff at the highest levels of the Department in coordination with the other agencies of the Government before certain activities are undertaken.

I am told that someplace in the bowels of the building there is this proposal to change the system. I have not signed off on any such proposal. I cannot say that I am not prepared to make modifications if somebody can make a good argument. But I would want to make certain that any system does, in fact, safeguard the legitimate interests of strong civilian oversight.

Senator INOUE. I hope you will keep this committee apprised of any development in this area.

Secretary CHENEY. Yes.

Senator INOUE. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman.

NARROW VERSUS BROAD INTERPRETATION OF ABM TREATY

Mr. Secretary, I would like to pick up on this question which was raised by Senator Bumpers on the Strategic Defense Initiative and the subject matter of the narrow versus the broad interpretation. Senator Bumpers raised the question as to whether the United States would approve of deployment if our allies opposed it under the narrow interpretation of the ABM Treaty.

I do not believe that deployment turns on the question of narrow or broad; that the broad interpretation allows more testing in outer space. But that is a very important treaty interpretation, and I would urge you not to abandon the effort to have the broad interpretation apply.

I say this because I have made a detailed study of the negotiating record, which I think supports the broad interpretation. You have the ratification record, which has certain representations to the Senate, which leans the other way, although it is not conclusive. Then you have the practices of the parties, which is the third factor, bearing on that treaty construction.

The situation we find ourselves in is that the Soviets feel free to operate under the broad interpretation because that is what was agreed to between the parties. Then you have our own constitutional system on representations made to the Senate, which tend to look toward a narrow interpretation. And there has been an argument raised that the executive branch is bound by the representations to the Senate.

But certainly the Soviet Union is not bound by the representations to the Senate. They may not be bound by anything. But they

certainly are not bound by what was told to the Senate when the negotiations between the parties was on the broad interpretation.

So I would urge the administration to keep that question open. It is true that we debated it in the Senate and the Senate voted for the narrow interpretation not on the legalities but on the politics, because it favored certain objectives of those who wanted to vote really for arms control.

Now I favor arms control. But I think that is a misguided conclusion.

There were extensive hearings by the Judiciary Committee and the Foreign Relations Committee, and this is very much an open question. Where there are major U.S. interests involved, I would hope the administration would fight that, because, as a legal matter, the broad interpretation is the correct one.

I, frankly, applaud your efforts at SDI, although who knows how much is the right figure, and we have to discuss that as an alternative to mutual assured destruction. The issue brings up a question which I would like to raise with you, and that is on the possibility of reconsideration of renouncing the first use of nuclear weapons in NATO.

I know this is a tough issue. But you have testified earlier today. I think your exact words were that there has been "a collapse of the Soviet threat in Eastern Europe." But I don't want to pin too much on that.

It is plain, though, that the threat in Eastern Europe is very different and there is a great deal more warning time.

The reason that I think renunciation by the United States of first use is very significant is because I would like to see our country take the lead in getting other countries to renounce first use.

You have talked earlier today about the problem with Iraq, and there is terrible tension in the Mideast.

I had an opportunity, along with Senator Shelby, to visit in Iraq and had a chance to meet with President Saddam Hussein, and then a delegation led by Senator Dole visited President Saddam Hussein. There is quite a controversy now as to whether you can deal with President Saddam Hussein.

I was incorrectly quoted in the New York Times as saying that I thought he was a closet moderate, which I never said. I don't use either term. I didn't say that. But I have said and do say now that Saddam Hussein is a man we ought to try to talk to, and that if we could find an answer to the peace issue between Israel and Iraq, and also Israel and Syria, that we would defuse the threat there. Then the issue of the administered territories and the West Bank and the rest of it would fall into place.

Nothing would be easy, but it would be a lot easier.

RENOUNCE FIRST USE

But my point here is if we would renounce first use of nuclear weapons in Europe and try to take the lead with other countries in renouncing first use, first strike, then I believe it would be a very significant step forward.

My question to you is, What are the factors which you see on this issue, and really why not renounce first use of nuclear in Western Europe?

Secretary CHENEY. Well, of course, if a decision like that were to be made, Senator, you would want to make it within the alliance in terms of the first use question.

Senator SPECTER. I agree.

Secretary CHENEY. The posture at present is based upon the doctrine of flexible response, the idea that we have the capacity to respond to an attack against the alliance across the whole spectrum of capabilities, whether it is conventional or tactical nuclear weapons, theater or all the way tied to U.S. strategic capabilities.

It has been that notion, we have felt over the years, of the unpredictability of the alliance's response to an attack that was a significant deterrent; that the Soviets could never know how we might respond to an attack; and that, for this reason, we wanted to protect that capability and not give up, if you will, the notion of no first use.

The other key element that has been a factor that is less of a factor in the future has been the question of the overwhelming preponderance of Soviet conventional military power on the ground in Europe.

One of the arguments for maintaining our nuclear capability, of course, was the fact that that was an offset, if you will, to the Soviet conventional capability, which was significant.

Senator SPECTER. Isn't that changing? Hasn't that changed?

Secretary CHENEY. It hasn't changed yet. It should change.

The Berlin Wall is down, but there are still 17 Soviet divisions in East Germany. We expect it to change. We expect to see continued progress in that area.

So you are looking at a period ahead when you are going to be talking about parity in conventional forces.

I have believed and, I guess, continue to believe that a no-first-use pledge might not be all that valuable or valid in a wartime scenario; that if a nation were pushed with its back to the wall by conventional forces or threatened with either defeat or using nuclear weapons, even if they had made a pledge—and I am not saying the United States, but some other nation had made a pledge—for no-first-use, it might not be worth very much under those circumstances.

I think, while there is clearly an expansion, if you will, of the period of time in which in some future conflict, hypothetical conflict in Europe, be it an expanded period of time before you would have to resort to nuclear weapons, that the notion of flexible response, the notion of having a combination of forces, of conventional and nuclear forces, is still a very valid one; and that, while we may be able to reduce those forces, both conventional and nuclear, I would still like to retain some of both on the ground in Europe in terms of that capability.

Right now, we have, at the direction of the President, underway in the alliance a review of our overall posture, our strategy, a review of the kind of conventional and nuclear forces we will need in the future and what kind of arms control arrangements we

might want to pursue beyond CFE and in connection with talks on short-range nuclear forces.

So I expect these kinds of issues will be debated within the alliance in the weeks ahead.

My instinct, as U.S. Defense Secretary, is to recommend that, while we can do it with fewer forces, we still need to protect both our conventional and our tactical nuclear capabilities.

Senator SPECTER. Well, I would urge you to reconsider that as the picture emerges, because if we really are not facing that enormous overbalance of conventional, then I would urge you to reconsider. I think it has to be done with the alliance; but I think it could be a very significant world leadership proposition.

I have one more question which I was about to ask when my first round ended, and then a brief comment because I know the hour is growing late.

AIRCRAFT CARRIERS VERSUS SERVICE LIFE EXTENSION PROGRAM

I want to direct your attention for one moment to the issue of the carriers and to an analysis of the Service Life Extension Program versus the construction of a new nuclear submarine.

There is the issue which is pending now and close to a decision, as I understand it, with regard to the *Kennedy*. There are plans for what is called a complex overhaul, starting in 1993, as opposed to a Service Life Extension Program, where the service life expectancy projects in the 25-year range, which would put the *Kennedy* into operation for as far as the year 2015. This is at a cost of perhaps \$1 billion, perhaps of \$900 million, in that range. Contrast this with what it would cost to have a new carrier, a new nuclear carrier, which would cost in the range of \$4 billion, and now you are looking at operational capabilities which might go to the year 2040.

My question to you, as we analyze how we allocate the funds to achieve about the same objective, say, in the range of 2010 to 2015, is this, Doesn't it make more sense to use service life expectancy at the substantially lower cost until we see where we stand perhaps a decade from now or 15 years from now where the world picture may be very substantially different?

Secretary CHENEY. Well, those kinds of issues are being debated as we put together the 1992-97 POM, the program objective memorandum, within the Department, our long-range budget plan. The SLEP program has been a good one. It does, in fact, give you significant capability—

Senator SPECTER. I'm glad to hear you say that.

Secretary CHENEY [continuing]. At minimal cost. We kept the *Coral Sea*, for example, and the *Midway* in the fleet for a long time, far beyond what was normally expected when they were built because of that capability.

We have just scheduled—I believe the *Constellation* is now in Philadelphia getting ready to undergo a basic major overhaul. The ultimate question is going to turn to how big a carrier fleet we need and when we need it, and, given the length of time it takes to build carriers, when we have to start construction of that next one.

Obviously the Navy has had a preference in recent years for the nuclear carriers, to build new nuclear carriers. Congress has authorized that and we have a couple in the works now.

We do not, I believe—and I would have to check on this, Senator; I would be happy to submit it for the record.

[The information follows:]

CARRIER CONSTRUCTION

Aircraft carrier replacement strategies are based on force levels, ship life expectancies and modernization. In order to maintain the current force structure, a FY 1996 new construction start with a FY 2002 IOC is required.

Secretary CHENEY. I don't believe we have to make a new start until the mid-1990's in order to maintain the kind of force structure we are talking about today. The real call will come on the Service Life Extension Program of two of our conventional carriers, and if we go down to 12 instead of staying at 14, in effect what we would do is not do those. We would just go ahead and lay them up in mothballs and not extend their service life.

Senator SPECTER. I will conclude with just this comment, Mr. Secretary.

V-22 ALTERNATIVE

You have talked about the cost of \$26 billion for the V-22's, and since the first round of questioning, I have had a chance to check the record. I have found that last year your request for the proposed alternative was \$24 billion, and that does not include personnel costs. So if you take the alternative to the V-22, it is a comparable cost.

Secretary CHENEY. Now there is some dispute about that. I know that in the 5-year program that we were looking at when we made the decision, the 5-year defense program when we made the submission, it was that we saved about \$6 billion through the process of canceling the V-22, through that program.

You do have to buy other aircraft. No question about it. But it was cheaper over that period of time to go with the helicopters than it was to go with the new system, the V-22. At least those were the numbers that we had on which we made the decision.

There is a lot of debate about what the total operating cost is over the lifetime of the system, and that is one of the things that I believe IDA is looking at.

Senator SPECTER. OK. Well, at least \$6 billion is a narrowing of the gap from \$26 billion.

Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

COMMITTEE OVERVIEW

Mr. Secretary, this concludes the subcommittee's review and consideration of the President's fiscal year 1991 defense budget request.

Over the past 4 months, we have held 22 hearings. We have heard from 51 witnesses, and we have heard from the full spectrum of people concerned, from all of the uniformed services, from the

private sector, from industry, et cetera. We have tried our best to explore the military and political implications of the changing scene in the world. It has been a difficult chore. I hope that we are prepared to make the decisions that we must make.

But before we do, we hope we will have other opportunities to sit with you to discuss and refine our decisions. We still have time.

Before adjourning, I wish to thank my colleagues for their aid and counsel during these many months. In particular, I would like to thank my vice chairman, the Senator from Alaska, Senator Stevens, for his great support and assistance. I think a special thank you is due to the staff for the support in preparing for these hearings.

Naturally, I want to thank my staff director, Richard Collins, for his invaluable and expert guidance on matters pertaining to our work here.

ADDITIONAL COMMITTEE QUESTIONS

We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUE

STRATEGIC MODERNIZATION

Secretary Cheney, the Subcommittee understands that you have said that, under the emerging budget allocation for the Pentagon for fiscal 1991, it is not affordable to continue both the MX/Rail Garrison and Small ICBM programs.

Question: The Chairman of the Joint Chiefs of Staff, General Powell, told the House Armed Services Committee in February that, if given a choice between the MX/Rail Garrison or the Small ICBM, he would choose the MX/Rail Garrison. Do you agree?

Answer: The Department of Defense continues to support the two missile program because the Peacekeeper Rail Garrison and the Small ICBM each have unique strengths and capabilities under different sets of circumstances. Moreover, in view of continuing Soviet Strategic modernization and deployment of SS-24s and SS-25s, we believe that these modernized ICBM systems are needed to ensure the improvement for our warfighting capability and to enhance nuclear stability. Finally, the synergy of these highly compatible and complementary systems is, we believe, what the President had in mind when he directed the two-missile program. We have attempted to respond to the fiscally constrained environment, by taking a phased approach to their development and will continue to work to reduce the cost of the Small ICBM.

As you know, the Department is currently assessing its FY92-96 program in light of fiscal constraints and the changing security environment. Like all other programs the two ICBM programs will be subject to review.

Question: The Chairman of the Senate Armed Services Committee recently recommended that procurement of the Rail Garrison MX basing system should be slowed due to excessive concurrency, that a ban on U.S. and Soviet rail-based multiple warhead ICBMs should be discussed and that the Small ICBM should be deployed in silos. What is your reaction to the proposal?

Answer: Although the U.S. has mobility in the air and sea-based legs of the Triad, we also need to have a mobile ICBM leg for several reasons. To begin with, in a START environment, where significant reductions have taken place in strategic forces, it is essential that we take every affordable step to ensure that we achieve the greatest effectiveness within the context of permitted numbers and types of systems. Second, in the Triad concept of strategic forces, the post-START forces must represent the most robust formulation of forces, each complementing the other parts and ensuring that if one leg should be rendered ineffective through advances in the aggressor's technology, the other legs will still present a formidable deterrent. Within this context, and based on our analysis of dozens of possible ICBM basing modes, two were selected for production and deployment -- rail and road mobile ICBMs -- to give the ICBM leg a high degree of survivability.

With regard to the second point, the Administration is not currently negotiating a proposal for the ban of U.S. and Soviet mobile MIRVed missiles. Furthermore, an outright ban on land-based MIRVed mobile missiles would present some challenges to the negotiators in Geneva because only one side has mobile

ICBM systems deployed at this time. Specifically, the Soviet mobile ICBM program includes over 20 SS-24s with ten warheads each and over 200 SS-25s -- each representing a significant investment on the part of the Soviet Union. Thus, it is unlikely that the Soviet Union will want to retire these modern weapons without some equivalent U.S. concession -- most likely some aspect of the U.S. ICBM program.

Finally, silo-basing for the SICBM is possible from a technical stand-point. However, silo-basing would defeat the purpose of the President's two missile program, which is to increase the survivability of our ICBM leg through mobility. Before considering such a decision, one might explore the cost-effectiveness of modernizing the Minuteman III and downloading them to a single-RV configuration.

STRATEGIC DEFENSE INITIATIVE (SDI)

Question: Mr. Secretary, the latest official acquisition cost for Phase One strategic defenses is \$55 billion in constant, FY 88 dollars and \$68.7 billion in inflated dollars we actually will spend.

-- Pentagon cost estimates rarely have come to pass. Do you have "high, medium, or low" confidence in this latest SDI estimate? Does your Independent Cost Analysis Improvement Group (CAIG) agree with this latest estimate?

Answer: Cost estimates for major acquisition programs that extend applied science and technology into new areas are inherently uncertain, particularly before the demonstration/validation acquisition phase is complete. The Strategic Defense System (SDS) - Phase I is no exception. Complete estimates of that program were last briefed to the CAIG in the fall of 1988. Cost estimates for portions of the SDS Phase I program were briefed to the CAIG in the fall of 1989. There have been considerable changes to the program since then. The Defense Acquisition Board plans to review the Strategic Defense System - Phase I in the spring 1991. That review will include an independent cost assessment by the CAIG.

Question: Much of the decrease in the cost estimate is attributable to adoption of the Brilliant Pebbles system and architecture. Why is this a valid basis for a cost estimate, since the Defense Science Board concluded the Brilliant Pebbles design was neither complete nor stable, nor has a well-defined acquisition strategy?

Answer: Cost analysis organizes historical data so as to estimate the cost of future systems based on preliminary system characteristics. Regarding BP, the technical information available provided a more valid basis for a cost estimate than did the technical information available for the earlier Space Based Interceptor, which BP replaced. For BP we worked with component characteristics (e.g. reaction wheels, clocks, etc.) whereas SBI specified only higher level subsystem characteristics (e.g. power, thermal,

altitude control) for their lifejacket/spacecraft. The move to BP should improve the basis of SDS cost estimating.

Question: Mr. Secretary, the Chairman of the Senate Armed Services Committee recently stated the following:

"Assuming SDI is redirected into a coherent and rational research program ... it should be funded at roughly the current appropriated level. Restructuring SDI to respond to sensible goals is a prerequisite this year if Congress is to approve even this level of funding."

What is your reaction to this recommendation?

Answer: The SDI program is extremely broad-based and has achieved tremendous technical progress in all areas. The program is now poised to conclude the demonstration and validation of a host of technologies which would enable the deployment of strategic defenses.

At the same time, the program is exploring improvements which will increase the effectiveness and lower costs of initial defenses, and is seeking to demonstrate and validate advanced technologies for potential follow-on deployments.

This broad-based and balanced approach to SDI research and development is sound and needs to be continued. But the program must also be allowed to progress at the pace of technological advancement so as to realize the benefit of promising concepts and the orderly abandonment of less promising approaches. Flexibility is needed and that requires adequate funding.

With regards to the goals of the program, the President concluded the goals of the SDI remain sound. He also said, "In the 1990s, Strategic Defense makes more sense than ever before." Having reviewed current and emerging trends in the international security environment, the Department concurs fully with the President's assessment.

Question: Mr. Secretary, the balance in SDI's budget and program between developing near-term and far-term technologies is a major issue. DOD claims this balance exists in the FY91 plan. How is this claim justified when SDI budget data indicates that FY91 funding for near-term technologies represents 34 percent real growth over FY90, and FY91 funding for far-term technologies is only 13 percent real growth?

Answer: SDI is a broad-based program. The more mature technologies, such as KEW are currently in Dem/Val, while advanced technologies, such as DEW, are in concept exploration.

We have structured the program to provide for parallel but phased development. That is, as Phase I technologies move toward FSD, advanced technologies move toward Dem/Val.

This approach provides for the timely development and deployment of advanced, follow-on systems to offset potential Soviet countermeasures to Phase I.

SDI AND BRILLIANT PEBBLES ISSUES

The Defense Science Board (DSB) concluded that Brilliant Pebbles should not replace the Space Based Interceptor in the Phase One Strategic Defense System at this time for several reasons. Chief among these reasons are that the Brilliant Pebbles design is neither complete nor stable, and that its adoption now would prematurely freeze its technology development.

QUESTION: Mr. Secretary, despite the recommendation from the DSB, why have you essentially decided to place your primary focus on developing and adopting the Brilliant Pebbles system and architecture, and to drastically curtail your efforts on the alternative Space-Based Interceptor?

ANSWER: Brilliant Pebbles has replaced SBI in the planned architecture. The potential for Brilliant Pebbles as identified by the DSB led to this change. Its capability offers the potential for autonomous operation leading to greater operational flexibility, enhanced survivability, less dependence on other elements of the Strategic Defense System, and the opportunity for significantly lower cost. Program funding limitations will not allow full funding of both the SBI and Brilliant Pebbles programs. Consistent with the DSB recommendations, the Lawrence Livermore National Laboratory (LLNL) program continues and the Brilliant Pebbles program will infuse the SBI technology through industry participation.

QUESTION: The DSB warned that a move to adopt the Brilliant Pebbles concept now would create substantial upset and delay in the SDI program. Do you disagree with this conclusion?

ANSWER: The Strategic Defense Initiative will not be delayed by replacing the Space Based Interceptor (SBI) with Brilliant Pebbles. A primary advantage of adding Brilliant Pebbles to the Strategic Defense System architecture was its availability in the near term. We plan for Brilliant Pebbles to be ready for a Full-Scale Development decision by [deleted] which is earlier than was planned for SBI.

QUESTION: Is Brilliant Pebbles a "high, medium, or low" risk program in terms of cost, schedule, and technology?

ANSWER: Inherent risk in a weapon system Research and Development program is a function of the design, testing, production, and management of that weapon system. Careful design, comprehensive testing, early production and manufacturing engineering, coupled with management decisions based on assessments of risk in these areas leads to a low risk program. To address the issue of risk in the Brilliant Pebble program, we consider the state-of-the-art of the scientific, technological and manufacturing base available to support the realization of the promise of the Brilliant Pebbles system, a small satellite. Satellites as well as missile systems include much near-term technology that is available to Brilliant Pebbles.

Based upon these criteria the Brilliant Pebbles has moderate inherent risk. Risk mitigation is being accomplished through a number of means. First the design is guided by the philosophy of making maximum use of off-the-shelf technology. The baseline Brilliant Pebbles design, which requires no advanced technology development, will be augmented by the Concept Definition contractors

designs in the near future, further reducing already moderate technical risk. In addition, the Concept Definition contractors will focus their efforts on the production and manufacturing of the Brilliant Pebbles design. This early emphasis on production and manufacturing will reduce risk in an area that plagues many weapon system development programs. The Brilliant Pebbles Program also has a comprehensive testing program in place, comprised of ground and flight tests which are designed to examine all critical technical issues related to the Brilliant Pebbles. All of these efforts coupled with the streamlined management of the SDIO Brilliant Pebbles Task Force will lead to a reduced risk program.

QUESTION: What components of the Brilliant Pebbles System truly are "off-the-shelf" today? Which ones require significant technology development to reach their required performance and cost standards?

ANSWER: The current baseline design of the Brilliant Pebbles is comprised of near-term technology with no subsystems requiring extensive technology development. This is a result of one of the basic philosophies which guides the development of the Brilliant Pebbles; make it "simple and cheap". As a result, there is an inherent desire for "off-the-shelf" technology, however, technology which is not currently "off-the-shelf" will be incorporated into the Brilliant Pebbles design if it can be shown to make the Brilliant Pebbles simpler and cheaper while maintaining schedule and performance.

While it is true that none of the subsystems for the current design require extensive technology development, some are more mature than others. The following is a characterization of the current status of each Brilliant Pebbles Subsystem.

Subsystems for which technology is ready to go "as is": Ultra-Violet/Visible Camera, Avionics, and Thermal Management.

Subsystems which are in the qualifying testing stage: Inertial Measurement Unit, Interceptor Power, Propulsion, Survivability, and the Radio Frequency Communication.

Subsystems which require repackaging of the technology but whose designs are complete: Short-Wavelength/Medium Wavelength Infrared Camera, Star Tracker, Computer, Laser Communication Receiver, and the ~~DELETED~~

Subsystems which are brass boarded: Light Imaging Detection And Ranging Transmitter/Receiver and the On-Orbit Life Jacket Power.

Subsystems which require redesign with existing components: Low-Rate Attitude Control System.

Subsystems which must be created from existing technology: None.

Subsystems which require advanced technology development: None.

QUESTION: The DSB report on Brilliant Pebbles recommended that more attention be paid to countermeasures and, in particular, that Red Team efforts be augmented and continued through the exploratory period on the system. How, specifically, is the SDI program responding to this recommendation?

ANSWER: Two Red/Blue Team exercise series have been completed which address Brilliant Pebbles. The Red/Blue analysis is of continuing benefit to the system development process. It provides an ongoing opportunity to rethink the design and concepts to avoid the pitfalls of planning a system that is fragile to countermeasures, force structuring, or employment strategies.

As a result of the DSB recommendations, as well as recommendations from other review panels, the red/blue countermeasure analysis effort is continuing.

DOD WRAP-UP QUESTIONS FOR THE RECORD FOR SECRETARY CHENEY

QUESTION. Secretary Cheney, only five weeks ago, the Chief of Navy aviation told the Subcommittee that the A-12 aircraft program was on schedule. He predicted the A-12 would be airborne at the end of this year. Last week, the Pentagon acknowledged the A-12's first flight had slipped at least twice, and there had been unanticipated delay in acquiring the tooling needed to make the aircraft.

What has occurred in just the past five weeks to cause these problems, and why were they not discovered during the just-completed Major Aircraft Review?

ANSWER. Originally, we anticipated first flight between July and September of 1990. Prior to the commencement of the MAR, the Navy recognized that the September 1990 schedule could not be met and that the first flight would slip until at least December 1990. During the MAR we recognized that there was high risk in the program and a potential for additional slips and for costs to exceed ceiling. Therefore, a first flight date in early 1991 was established. We did not anticipate the magnitude of the problems announced by the contractors or the immediacy of their impact on the program.

The latest slip by the contractors to the summer of 1991 is the result of recent contractor actions which were announced on June 1, 1990. We believe this recent slip is driven by the contractors' desire to control costs and in consideration of changes in projected business base and complicated by a tooling problem. In effect, these slips are the result of problems whose cumulative effects have recently become evident. We are holding discussions with them and should gain additional insights into their revised position over the next few weeks.

QUESTION. Secretary Cheney, the A-12 is the Navy's top aviation priority. It is a very complex and costly aircraft. Has OSD, the Navy, and the contractors been overly-optimistic, or lax in management, or misleading in their report to Congress?

ANSWER. We have thought for some time that the contractors were optimistic regarding the cost of meeting the contracted schedule. Now that the contractors prefer slowing the program, DoD must consider the overall costs and benefits of their proposal. Slowing the program would provide some financial relief to the contractors, but that is not a primary defense concern. What we have to do now is determine the appropriate program schedule in view of the production/technical problems. We are conducting another review that should help us evaluate our options.

QUESTION. Secretary Cheney, what are the full range of the problems which beset the program, and what is the Pentagon doing to solve them?

ANSWER. The major technical problem today is weight growth and the associated production complexities needed to contain it. As noted in my response to a previous question, we are conducting a review that should provide an assessment of technical areas that need more attention.

QUESTION. Secretary Cheney, what will be the impact of these problems on the cost of the program and on the A-12's initial operational capability, or IOC?

ANSWER. The Navy has a Fixed Price contract with General Dynamics and McDonnell Douglas for the A-12 FSED program with not-to-exceed options on the first three production lots. The Navy does not intend to provide additional funding for efforts already under contract. These program delays will likely result in a slip in IOC.

QUESTION. Secretary Cheney, there have been reports that the contractors, who already have laid off a small number of workers, may implement additional manpower reductions to control program costs. Are costs in this program out of control, and have the contractors greatly exceeded the target cost for full scale development?

ANSWER. The program costs are not out of control, but are projected to be above the FSED ceiling price. Any costs above the ceiling are the responsibility of the contractors. The degree of cost growth in excess of FSED ceiling is currently being assessed by the program office. As a result of the delay in first flight, some manufacturing personnel have been laid off at Tulsa, Oklahoma, the site for final assembly and first flight.

QUESTION. Secretary Cheney, the Major Aircraft Review resulted in a reduction in the A-12 total procurement from 858 to 620, and in the program's maximum annual building rate from 48 to 36. These changes increased the price of each aircraft. What is the new unit cost of the A-12 on both a flyaway and total program basis, and what has been the increase in each case?

ANSWER.

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QUESTION. Secretary Cheney, the Navy is conducting a "crash" review of the entire A-12 program. When will the Pentagon be able to report to Congress the full extent and impact of the problems and the proposed solution?

ANSWER. The Navy is currently completing its program review and will present its findings to the Defense Acquisition Execution in July. Once the Department has reviewed the Navy recommendations, additional information will be made available to Congress.

B-2 PROGRAM

Question: The Major Aircraft Review explicitly examined whether an all-standoff force will meet bomber force requirements, as well as whether the B-1B and B-2 will meet the penetrating bomber requirements in the years 2000 and 2005. How did the Major Aircraft Review answer these questions? What were the differences in terms of target coverage among the all-standoff force, the B-1B penetrating force and the B-2 penetrating force for each of these years?

Answer: A number of alternative bomber force structures for the years 2000 and beyond were examined as part of the Major Aircraft Review, including an all-standoff force. The decision to proceed with procurement of 75 (Total Active Inventory, or TAI) B-2 aircraft was based on quantitative and qualitative analyses of aircraft performance, operational effectiveness, and costs conducted for the Major Aircraft Review.

The B-2 will enable the bomber force to penetrate the most modern Soviet air defense systems for the foreseeable future. The B-2 is required because the penetration capability of the older B-1B is eroding as Soviet air defenses continue to be modernized with "look-down/shoot-down" interceptors and extremely capable surface-to-air missiles (SAMs). The B-2 is far less dependent than the B-1B on electronic countermeasures (ECM) and defense suppression attacks for penetration and for attacks on heavily defended targets.

The B-2 will maintain the effectiveness of the bomber force as an independent element of a viable triad through the beginning of the 21st century. Maintaining the triad remains an important goal: it provides a hedge against unforeseen circumstances or common-mode failures that could occur in any one triad leg. The enhanced penetration capability of the B-2 provides flexibility to overfly target areas to conduct damage assessment both prior to and following attacks.

The all-standoff force examined in the Major Aircraft Review did not provide the same level of operational effectiveness and flexibility as the force with 75 (TAI) B-2 bombers. The review identified three weaknesses associated with the all-standoff force: (1) the potential vulnerability of the all-standoff force to far-forward defenses; (2) the inability of cruise missiles to maneuver around or otherwise counter SAMs that had been repositioned near the missiles' flight paths, and (3) limitations on deployments of cruise missiles associated with START counting rules.

The Major Aircraft Review examined a responsive threat to the all-standoff force that included extension of Soviet far-forward defenses. The all-standoff force could be vulnerable to far-forward defenses that threatened the cruise missile carrier before missile launch. Far-forward defenses could, alternatively, limit the number of targets within range of the all-standoff force by forcing the aircraft to launch their missiles farther from Soviet territory. The all-standoff force was also found to be vulnerable to mobile SAMs in the Soviet Union because the cruise missiles could not be programmed before launch to avoid the locations of these SAMs.

The currently negotiated START rules count up to 150 U.S. cruise-missile-carrier aircraft as 10 warheads each, and additional cruise-missile-carrier-aircraft are counted for warheads as equipped. To deploy an all-standoff force using more than 110 strategic bombers would require reducing the number of deployed ballistic missile warheads below the 4,900 ceiling allowed under START rules.

The Major Aircraft Review concluded that the most effective bomber force for the year 2000 and beyond would be one that includes a mix of cruise missiles and B-2 aircraft. The B-2 provides a robust capability within the START counting rules, can successfully penetrate modern Soviet air defense systems, and will maintain the viability of the bomber force as a truly independent leg of the triad. The complementary cruise missile force enhances the capability of the bomber force by saturating hostile air defense systems with large numbers of penetrating objects. In addition, the potential threats to cruise missiles launched from standoff aircraft and to the B-2 aircraft force are, in general, mutually exclusive. Thus, the planned force including a combination of B-2 aircraft and cruise missiles provides the maximum operational effectiveness and flexibility and is far more resilient to threat enhancements than bomber force alternatives including less diverse systems.

B-2 PROGRAM

Question: What B-2 acquisition alternatives were considered in the Major Aircraft Review, and what were the main differences in cost, schedule, and cost-effectiveness between the alternative selected and those rejected?

Answer: Two broad types of alternatives were considered in the Major Aircraft Review (MAR):

- First, detailed analyses of alternative B-2 acquisition profiles and force structures were conducted. These analyses were designed to determine, in the context of current doctrine and appraisals of the threat, how many B-2s are needed and what alternative acquisition strategies might cost. The acquisition alternatives considered included the baseline production ramp-up rate but with a smaller total procurement quantity, an option in which procurement funding would be capped at \$6 billion annually, and an option with a three-year hiatus in ordering new production aircraft. Costs would increase modestly under a \$6 billion annual funding cap, but would increase significantly if production were gapped, due to the large enterprise overheads associated with B-2 production and to the large costs of rehiring, recertifying, and restarting production. For similar reasons, costs could also increase significantly if a more stringent funding cap were imposed.

- A broader but related effort compared alternative force structures--with differing combinations of B-2s, B-1Bs (in both penetrating and standoff roles), and B-52Hs--in terms of cost and operational effectiveness. The different acquisition profiles discussed above were available to the forces containing B-2s. Force alternatives without an operationally viable B-2 force relied on B-1Bs and aging B-52Hs. In that case, some missions would simply not be feasible, while substantial upgrades would be required to perform others. Without the B-2, strategic bomber acquisition costs would be substantially reduced, but overall bomber force effectiveness would also be degraded. The possibility of producing more B-1Bs was considered but was determined to be extremely costly, and clearly inferior to continuing with B-2 production. While an all-cruise-missile force would be an alternative to a diversified force with penetrating B-2s, it would diminish the robustness of the triad and would simplify the challenge to Soviet air defenses. Effectiveness was evaluated in terms of the ability to cover target bases that include both fixed and mobile targets, to penetrate expected Soviet air defenses and damage the target set, to counter potential Soviet air defense developments, and to provide flexibility in attack planning and execution. The ability of the Soviet Union to focus its air defense effort against specific threats, as opposed to coping with a diversified bomber force, was considered along with other factors that are difficult to quantify.

QUESTION: The Major Aircraft Review reportedly considered an alternative to the B-2 known as the "B-3." What were the military and program characteristics of this option and why was it rejected?

ANSWER: A 'B-3' was not considered during the MAR.

QUESTION: Some in Congress say we should kill the B-2 program now, make do with the 15 already purchased, and continue the R&D flight test program in case we need to revive procurement later.

Why isn't this an acceptable option? What are the military, budget and program impacts we should consider about this proposal?

ANSWER: In 1981, then-President Reagan embarked upon a strategic bomber modernization program that included the development and production of both the B-1B and the Advanced Technology Bomber (B-2). The B-1B provided a bridge between the aging B-52s and the B-2 in penetration survivability against projected and increasingly capable Soviet air defenses. The B-1B is operational and supporting SIOP allocations. Soviet air defenses are formidable and growing. By the year 2000, without the B-2, our bomber fleet will number only around 200 (B-52Hs and B-1Bs). The B-2 will considerably enhance the overall penetration and weapon delivery capability of our manned penetrating bomber force and provide the operational commander the resources he needs to be prepared to implement the SIOP.

Fifteen aircraft provide little, if any, real capability. They would be expensive to support because of the large enterprise investment required (spare parts suppliers, depot facilities, crew training, simulators, technical orders, etc.) for a small number of aircraft.

The cost of mothballing the production facilities for later use would be enormous, because one would have to maintain in place a management team, an engineering team, production specialists and a manufacturing cadre. Many production personnel have nearly a decade of experience in unique B-2 composites, close tolerance manufacturing, and production processes. We would expect to see these people migrate to other permanent aircraft jobs.

An equally difficult situation relates to retaining the supplier base. A tremendous amount of time and money has been spent assembling and qualifying suppliers (approximately 4900 for the B-2), and identifying and establishing lead times for component deliveries. This structure will be expensive to maintain in a state of readiness, or will take several years to reestablish if allowed to disintegrate.

Question. Mr. Secretary, you have reported the conclusions of the Major Aircraft Review to Congress. However, Congress has yet to receive the results of the major reviews of the LH helicopter, the SSN-21 submarine, the DDG-51 destroyer, and the Strategic Defense Initiative Programs.

--What are the emerging conclusions of these reviews, and will you report fully on their results before Congress completes its actions on the fiscal 1991 defense budget request?

Answer. The emerging conclusions of the review of the LH helicopter are that the LH is significantly more effective for reconnaissance and attack functions than is the base case (current fleet of AH-1s and OH-58A/Cs) and that survivability is a fundamental advantage offered by LH.

The results of the Major Warship reviews were recently reported. An intense and thorough examination was conducted of the SSN-21 and the DDG-51. The conclusions generally reinforce the Navy's plan for modernization of these attack submarine and surface combatant forces as the most economical way to meet the projected threat and defense needs without undue risk.

The results of these analyses will be reported in the near future.

Major Program Reviews

Question: The Major Aircraft Review supposedly reexamined the military rationale for each aircraft as well as alternatives to them and different acquisition strategies. The Subcommittee has been told that the SDI review did not take such a "bottoms-up" approach, but only examined whether the program is currently structured to meet the President's policy direction and deployment schedule for it.

In view of the changed world situation, and our budget constraints, why didn't the Pentagon reassess the fundamental military, budget, and schedule assumptions of the SDI program as it has done with the other major programs under review?

Answer: The overall objectives for the Strategic Defense Initiative (SDI) program, along with a variety of funding and programmatic options, were carefully considered by the President in the course of the National Security Review just one year ago. Following that review, the President issues guidance on the conduct of the SDI program. The guidance contains the finding that the "goals (of SDI) remain sound."

The President also directed that the Secretary of Defense commission and Independent Review of the SDI program in light of the objectives established in the guidance. The independent review is now complete. The broad results of the review will be shared with Congress as soon as possible.

As part of that review the "changed world situation" was indeed taken into account. First, we recognize that the Soviet Union retains a substantial strategic nuclear capability that must be deterred. This is the case even after a START agreement that reduces strategic offensive force levels. In addition, emerging threats to U.S. forces and interests overseas demand increased attention as we continue to develop options for developing and deploying strategic defensive. The Department is currently reviewing the SDI program to ensure these emerging threats are factored into the design on a Strategic Defense System.

The budget increase for SDI in Fiscal Year 1991 is directly related to the priority with which the Administration and the Department view this program. In order to maintain a robust research and development program aimed at producing credible deployment options, we require additional funding beyond the amount appropriated in FY 1990.

DOD WRAP-UP QUESTIONS FOR THE RECORD FOR SECRETARY CHENEY

QUESTION. Secretary Cheney, the only major aircraft program not significantly cut back in total quantity was the Air Force's Advanced Tactical Fighter (ATF). Although you have indicated the 750 aircraft inventory objective may change in the future, Mr. Secretary, how can you justify maintaining it now, in view of the drastically changed threat and our budget problems?

ANSWER. The 750 aircraft ATF buy is based on a 1 for 1 replacement of the F-15. With the schedule and buy rate that resulted from our Major Aircraft Review deliberation we would accept delivery of the 400th aircraft in about 2007 and the 750th aircraft sometime after 2014. As we continue with the 92 POM process, we are considering force structure alternatives and options in light of fiscal constraints and the changing threat. The results of those decisions will be presented with the 92 President's budget.

C-17 PROGRAM STATUS

Mr. Secretary, the C-17 advanced transport aircraft program also has suffered from technical problems, management deficiencies, and schedule delays. The Air Force just recently disapproved the contractor's purchasing system and criticized its management oversight of purchasing, competition and price analysis, and file documentation.

QUESTION. Did the Major Aircraft Review discover these problems with this multi-billion-dollar program? What is the Pentagon doing to protect the taxpayers in this case?

ANSWER. Technical, cost and schedule status of the C-17 program were examined in the Major Aircraft Review. The Air Force's recent decision to withdraw approval of Douglas Aircraft Co. purchasing authority is a contract management action which would have been taken regardless of the Major Aircraft Review. Until approval is restored, Douglas Aircraft Co. will be required to provide cost and pricing data, a summary of negotiations, and other supporting documentation to the Air Force for review and approval prior to executing subcontracts. These restrictions apply to subcontract procurement action over \$100K, and all time and material charges for purchase of services over \$25K. To regain approval, Douglas Aircraft Co. must provide the Air Force an outline of specific actions taken to correct shortfalls with validation through a special purchasing system review.

QUESTION. Has the contractor's deficient purchasing system resulted in the taxpayer paying higher than necessary prices for the C-17 aircraft?

ANSWER. The current C-17 contract is fixed price incentive fee and includes full scale engineering development; static, durability and test articles; and the first six production aircraft (LOTS I and II). The performance of the Douglas Aircraft Co. purchasing system is not expected to have an impact on costs to the government under that contract. The Air Force action addresses concerns for correct and efficient pricing of FY 90 (LOT III) and subsequent LOTS which have yet to be negotiated.

QUESTION. Are you concerned that such management deficiencies continue to exist in the C-17 program, despite claims that the contractor has increased his oversight actions and management attention?

ANSWER. While there has been progress made in improving C-17 management and schedule performance, it is recognized that more needs to be done. The FY 91 budget recommendation following the Major Aircraft Review considered current contractor performance in addition to other factors, including strategic and fiscal realities. The revised program represents a appropriate balance between strategic airlift fleet requirements and program development risk.

LIGHT HELICOPTER (LH) STATUS

Question: Secretary Cheney, it seems like each day the trade journals report that the Army's Light Helicopter (LH) is going to be terminated or significantly restructured by the Office of the Secretary of Defense. What is the status of the LH program? What options are you considering? When will your review be completed?

Answer: The LH program is completing its Demonstration/Validation phase with the two competing contractor teams about to complete proposals for Full Scale Development. Our review of the LH program considered several acquisition options of the envisioned LH program and alternatives to the LH program to include mixes of current and/or upgraded inventory aircraft and modifications to non-inventory aircraft, such as the Italian Agusta A-129.

The review should be completed in the next thirty days.

Question: If LH is deferred or terminated, will the Department of Defense propose repeal of the AHIP OH-58D termination language included in the FY 1990 Defense Authorization Act?

Answer: It is premature to speculate on the results of the review and the best alternatives to LH. However, should the results indicate that the LH program should be terminated, procurement of additional OH-58Ds is one option open to us.

Question: Is any consideration being given to further procurement of AH-64 APACHE helicopters if LH is terminated?

Answer: As noted above, it is premature to speculate on the results of the review and the best alternatives to LH. However, should the results indicate that the LH program should be terminated, procurement of additional AH-64s is one option open to us. The APACHE is, of course, an attack helicopter, while the LH is being designed for the armed reconnaissance mission.

Question: Do you have an estimate of how much can be saved in FY 1991 from the Army's \$411 million LH budget request?

Answer: Not at this time. We will have to await completion of the review and the decision on the course of action to be pursued with regard to the LH program.

SR-71

QUESTION: Mr. Secretary, the FY 90 Conference Report to the Supplemental Appropriations Bill directed that at least six SR-71 aircraft and at least six associated reconnaissance and electronic countermeasures sensor systems be stored and maintained by the Air Force so as to be able to return to full flight operations in no less than 90 days. What steps have been taken to implement these instructions?

ANSWER: The Department will place three SR-71A aircraft and six associated reconnaissance sensors and electronic countermeasure suites into long term storage as a hedge against a protracted conflict sometime in the future. The depot maintenance on the SR-71B trainer will be completed. The trainer, two SR-71A aircraft, flight simulator, and all associated SR-71 unique spares and support equipment will be available for loan or transfer to NASA. Remaining ASARS-1 sensors will be modified for other use.

QUESTION: Has the \$4 million for depot maintenance and rework of the SR-71 trainer been released for this purpose? If not, will it be released, and when?

ANSWER: On June 21, 1990, the Secretary of the Air Force was directed to complete the depot maintenance and rework on the SR-71B. Release of the \$4 million is imminent.

QUESTION: Mr. Secretary, do you believe that we should keep a small cadre of SR-71's available in case of a crisis? If not, what is available to replace the SR-71 and its unique capabilities?

ANSWER: The decision to terminate the SR-71 program was difficult for both the Department and the Congress. However, based on its high cost, declining budgets, and the availability of other collection capabilities, it was decided we do not need and cannot afford to keep the SR-71 in the fleet, even in small numbers. With regard to alternative collection capabilities,

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FORCE STRUCTURE REDUCTIONS

Question: Mr. Secretary, your FY 1991 defense budget includes a reduction of two Army divisions. Discussions with the Army indicate that support structure related to these combat forces, however, has not been similarly reduced. Mr. Secretary, can you explain this reluctance to adjust the "tail" support staff when the "tooth" forces are reduced?

Answer: There has been no reluctance to reduce the force structure that supports these divisions. In fact, reductions to the support structure have been effected in both the active and reserve components. It must be recognized, however, that non-divisional support structure provides support to more than the divisions affected by the reduction. In both cases the non-divisional units provide support to other corps and installation units. Therefore the reduction will not be exactly one-for-one. Reserve component units supporting the active component divisions were also reduced. Future reductions to the force will be determined during the Department's FY 1992 Budget deliberations.

Question: When will we see reductions in field headquarters, such as numbered Air Forces and Corps headquarters?

Answer: The composition of field headquarters will depend on the decisions concerning force structure and military manpower made during the Department's FY 1992 Budget deliberations. After these decisions are made, and the resulting force structure is determined, headquarters staffing requirements will be derived and necessary adjustments will be made.

Question: When do you expect the number of general officers to be reduced to reflect the smaller combat force?

Answer: We have just approved a recommendation from the Chairman, Joint Chiefs of Staff, and the Military Departments to eliminate 78 general and flag officer billets. This equates to a reduction of approximately 7 percent, spread as follows: 33 (of 407) in the Army, 27 (of 338) in the Air Force, 15 (of 258) in the Navy, and 3 (of 70) in the Marines. These reductions will take place over the 1991 to 1994 time frame, consistent with force structure drawdowns. Further reductions in the number of general and flag officers may accompany future structure changes.

EXECUTIVE/LEGISLATIVE COOPERATION

Mr. Secretary, it is my contention that in these uncertain times a spirit of cooperation between the Legislative and Executive Branches is extremely important that we must work together, supporting each other's priorities.

Question: Do you share this view, and if so, why have your deputies testified that the Defense Department is not bound to comply with language contained in Committee reports?

Answer: We must work together in a spirit of cooperation between the Legislative and Executive branches to the maximum extent possible. An adversarial relationship between the two branches cannot exist if we are to perform our functions and provide for sound government. Of course, there will be times when our goals and objectives differ and we will not be able to support each other's priorities in those cases. With respect to your specific question concerning whether the Defense Department is bound to comply with language in committee reports, the governing principle was explained by the Comptroller General in his decision at 55 Comp. Gen. 307 (1975). In essence, in the context of this question, only a statute has the force and effect of law; committee report language does not have the force and effect of law. However, we look to the reports as a source of guidance in interpreting statutes, and we undertake to be responsive to expressions of the committee's wishes set forth in committee reports.

Question: Is it your judgment that Congress must include legislative language on all matters if it expects compliance by the Executive Branch?

Answer: We do not believe that Congress must include legislative language on all matters if it expects compliance by the Executive Branch. As stated in response to a previous question, we undertake to be responsive to expressions of the committee's wishes set forth in the committee's reports. There will, of course, be times when we cannot do that, as would be the case where the report language conflicts with the requirements of a statute and, of course, report language is not legally binding.

Question: If you agree that cooperation is beneficial, why are you still restricting the obligation of \$1.4 billion in funds appropriated by the Congress and rejected as rescissions in the Supplemental Appropriations Act?

Answer: The \$1.4 billion in question was actually \$1.359 billion and \$592 million was associated with the Sealift program which will be addressed in more detail later. Of the remaining funds \$206 million has been released, \$92 million was rescinded in the Emergency Supplemental Appropriations Act, \$45 million was earmarked, per the Statement of the Managers accompanying the Supplemental, for layaway and termination of the Mississippi Ammunition plant, \$76 million was reprogrammed to cover CHAMPUS requirements, \$100 million is being withheld pending submission to Congress of a report for a classified program and the remaining \$248 million is still being withheld pending resolution of requirements.

Question: Mr. Cheney, specifically what are your plans for releasing the remaining funds for Sealift and the Coast Guard Icebreaker?

Answer: With regard to the Sealift program Congress provided \$600 million in the Shipbuilding and Conversion, Navy (SCN) appropriation of which, after sequestration and reprogramming for CHAMPUS and MILPERS requirements, approximately \$375 million remains available. Until the Navy has assessed what options are available and develops a program acquisition plan that is fully funded, that is, one that can be executed within the amount available, and is consistent with report language contained in the FY 1990 Statement of the Managers these funds will be withheld.

Relative to the Icebreaker, there is a requirement for the President to submit a report to Congress on Polar Icebreaker requirements. OMB is coordinating that report within the Administration and my staff is working with them to provide the DoD input. At the same time the Navy is reviewing the Coast Guard's (USCG) design specification and is scheduled to complete that review by August or September. Upon completion of that review a detailed cost estimate can be developed. Provided the program is fully funded and there are no design issues, we are still on track for a contract award in the Spring of 1991. As you are aware \$50 million of the approximately \$325 million appropriated, after sequestration, were reprogrammed to MILPERS and CHAMPUS. If the Navy determines the program is not fully funded then it may become necessary to descope the acquisition.

QUESTION. Mr. Secretary, last year you announced your intention to terminate several programs each with strong support in the services and in Congress, among them the V-22, AH-1P, Apache, F-14 and F-15.

--Can you tell the subcommittee, in light of new information or world conditions, if your views on any of these programs has changed?

ANSWER. The Department's position remains unchanged. Our aircraft requirements have been reviewed in consideration of the changes in the European theater and the impact these factors will have on our expected funding levels over the coming 5 to 10 years. At this point, our trend seems to be towards further hard choices in the years ahead and it would be difficult to add back programs in a declining budget.

V-22

Question: Mr. Secretary, I understand the Institute for Defense Analyses (IDA) has completed its review of the V-22 program. One witness has testified that the results favor the V-22. Are you familiar with this study and has the information altered your view of the need for the V-22?

Answer: We have not yet received the IDA report, even in draft form. We have received several progress briefings during the course of the study, but we will not know the final IDA views on the study until we receive their final report. Nothing that we have heard so far would tell me that the decision I made last year should be changed.

TERMINATED PROGRAMS

QUESTION. Mr. Secretary, considering the delays in the ATF and now the A-12 program, do you still believe it is right to terminate both the F-14 and F-15 programs at this time?

ANSWER. There is no reason to change the decision to terminate production of the F-14 and F-15E. The decision on these programs was based on both affordability and threat considerations. To reinstate production on either of these programs would require that we cancel higher priority fighter modernization efforts. We can tolerate a

stretch on ATF due to the diminished near term threat and because of affordability considerations. Stretching the development also reduces risk. The program delays with the A-12 are an entirely different situation. Its introduction is critical to solving the deficiencies of an aging A-6 fleet and its timing is not related to the F-14. We believe the development difficulties currently being experienced with the A-12 will be solved and permit its timely introduction into the force.

The U.S. in a Post-NATO Europe

Question: Mr. Secretary, increasingly there is talk of NATO being transformed into more of a political alliance rather than a defense alliance. This raises the specter of a Europe disengaged from its close military association with the United States. The growth of the Western European Union, the prospect of a unified Europe in 1992 and the possibility of a future non-aligned Germany, pose serious questions about the role of the United States in safeguarding Atlantic security.

-- What are the minimum security guarantees the United States should insist upon before it agrees to a transformation of the NATO alliance?

Answer: First, it is important to emphasize that transformation of the Alliance is not a US issue to decide unilaterally. It is an Alliance issue that must be worked out within the NATO process of 16 equal nations. However, in that context the US believes that there are three essential conditions that must be met prior to implementing fundamental and major changes within the Alliance: (1) Germany is fully unified and remains within NATO; (2) CFE is implemented; and (3) Soviet forces have withdrawn completely from Eastern Europe.

Question: Do you believe a transformed NATO should assume security responsibilities outside of its traditional treaty area? If so, what might these responsibilities include?

Answer: The fundamental purpose for NATO will remain one of maintaining balance and stability on the European continent and being prepared to defend against an attack against its members. However, as NATO continues to evolve in this role and, in the context of an improved security environment on the continent, it is not unreasonable to assume that out-of-area concerns could become of increasing significance to the alliance as a whole. We cannot say that the alliance would wish to become involved in out-of-area problems nor can we describe how the alliance might become involved or would relate to an out-of-area crisis. If the alliance or its members choose to become involved, a wide-range of alternatives would be available. This could include support along the lines of the recent Persian Gulf

operation, which was essentially bilateral in nature, to some form of coalition support under WEU or perhaps a NATO banner. The nature and extent of this involvement would depend entirely on the nature of the crisis and it's potential effect on NATO security interests.

Question: As a part of the victorious alliance in two world wars fought on the continent of Europe, what right, indeed what ability, does the United States have to enforce limits on German withdrawal from NATO and the extent of its rearmament?

Answer: NATO is a voluntary association of states. Any member can withdraw at any time. However, the German government has stated that Germany intends to remain within NATO after unification. This is consistent with NATO and US objectives.

Reducing Special Operations Oversight

Mr. Secretary, I understand that you are reviewing a plan to allow special operations, including secret U. S. military activities in foreign countries, to be conducted with significantly less oversight from the Executive Branch. While I fully support the maintenance of a strong special operations capability, I am becoming increasingly concerned that a new operational empire is being created within the DoD, free of the oversight controls which my experience on the intelligence committee and as chairman of the Iran-Contra Committee convinced me are necessary for the protection of our constitutional liberties.

Question: is it true that the Special Operations Command has requested, and you are considering, relief from normal oversight procedures?

Answer: The Special Operations Command recently submitted a proposal to the Joint Staff for review. That proposal sought to modify, not reduce, the clandestine intelligence oversight process. This proposal is no longer being considered.

Question: If so what prompted this request? Will you approve the request? Do you intend to seek the approval of Congress before any plan to reduce special operations oversight is put into effect?

Answer: The request was prompted by a desire to develop a more expeditious approval process. The request is no longer being considered.

Question: Under what authorities may U.S. special operations forces be exempted from oversight applicable to other U.S. covert agencies and forces? Do you have a legal opinion supporting your view? If so, will you please make it available to this committee.

Answer: U.S. Special Operations Forces are not covert or intelligence forces. If directed by the President to conduct covert operations, they will be subject to the same procedures which apply to the CIA. Should they be directed to perform an intelligence operation they will be subjected to the same procedures as any other defense element performing an intelligence mission

[deleted]

Question: Are you contemplating any situations under which U.S. special operations would not be subject to a presidential finding? If so what are they?

Answer: The situation under which U.S. Special Operations Forces would require the authority of a Presidential Finding are clearly stated in E.O. 12333. [Deleted]

Defense Budget Adjustments

Question. Mr Secretary, you and I share the view that it is not prudent to make additional reductions in the fiscal year 1991 defense budget, but I sense that some adjustment will be made due to the deficit problems. I understand your staff is working now on the 1992 budget to lower defense spending by another 2 percent. Some of your recommendations for 1992 may have an impact on programs requested in this year's budget. In that regard, will you provide the Committee with the results of your program review to aid in its fiscal year 1991 budget review?

Answer. It is true that the Administration is committed to negative two percent annual real growth for defense through FY 1995, and that the Defense Department is reviewing its programs for FY 1992-97. The results of that review will not be final until OMB and the President approve them in conjunction with the release of the Administration's FY 1992 budget request next January. However, as I did for my Major Aircraft Review, I will inform Congress of the results of the special reviews I have ordered on major defense programs. Additionally, our department will continue to work with the Congress to help make the final FY 1991 defense appropriation as supportive as possible of our future plans for restructuring our armed forces.

Question. Mr. Secretary, I understood that tomorrow you will be presenting to the budget summit a calculation of the savings which result from a 25 percent force structure reduction. Are you able to tell us today the results of this review?

Answer. The results will not be ready until June 19.

Question. Do you believe a 25 percent reduction in force structure is manageable and prudent?

Answer. Yes, as long as it is done gradually, ideally over the next five years.

ONE-AND-A-HALF-WAR-STRATEGY*

Mr. Secretary, I understand that the Pentagon is undertaking a major reassessment of its one-and-a-half-war strategy which has long served as a basis for the Department's force planning

Question: What is the worst case conventional war scenario that you believe the United States military should be prepared to undertake?

Answer: Even if we see a further decline in the traditional conventional threat from the Soviet Union and Warsaw Pact through implementation of a successful CFE agreement and the withdrawal of Soviet forces from Eastern European countries, the U.S. military must continue to be prepared to defend the vital interests of the United States in more than one location at a time. Over the next few years a crisis could develop in Europe, perhaps resulting from ethnic tensions or other frictions developing from the establishment of a new European security system as Eastern European nations adjust to their new found freedoms.

U.S. efforts in such a crisis would be designed to stabilize the situation, without any direct use of U.S. military forces if possible. If the Soviets overreacted, however, a crisis could escalate, even to the point of conflict between U.S. and Soviet military forces. Once such a conflict had begun in Europe, it could expand to other areas, despite our attempts to contain it. Alternatively, a hostile regional power could see the U.S.-Soviet

conflict in Europe as an opportunity to gain a regional advantage through use of force. In either case the U.S. would need the capability to commit military forces to the concurrent defense of vital interest in more than one region of the world. The regional threat could be particularly stressing because it could occur with relatively short warning and at a relatively great distance from the United States. In addition, such a contingency could well involve mid-to-high intensity conflict as the number of countries with large inventories of heavy weapons, and even unconventional capabilities such as chemical weapons, is growing.

From a longer-term perspective the worst case scenario for the United States would be a fundamental reversal of current trends in the Soviet Union, leading to a rebuilding of a massive conventional military capability. While it take the a Soviet Union at least a year or two to rebuild an overwhelming conventional capability after having first drawn down its forces in accordance with a CFE treaty, it would also be very challenging and time consuming for the United States to respond with an effective rebuilding of our own conventional capabilities to deter the resurgent Soviet military power.

TOTAL FORCE POLICY STUDY

Question: What guidance have you provided the study group headed by Assistant Secretary of Defense Christopher Jehn and charged with future U.S. warfighting strategy?

Answer: The Total Force Policy Study group is examining the operation, effectiveness and soundness of Total Force Policy; the assignment of missions within and between the active and reserve components; and the force structure of active and reserve components. These and other key issues for review by the Study Group are contained in their charter as well as directions provided at the group's initial meeting on February 2. The Study Group was advised that a no-holds-barred examination of active/reserve mix issues was required. As the nation enters this period of significant change in the international environment and, in turn, in our defense capabilities, we need to carefully weigh the strengths and weaknesses of our current policy. This message was repeated at an April 30 meeting which provided members of the Study Group an opportunity to meet with outside experts to assess any needed changes to the policy.

Question: Have any preliminary conclusions been reached in the Department's "total force policy" review mandated by Congress last year?

Answer: While no conclusions have yet been reached, Assistant Secretaries Jehn and Duncan have been drawing on the work of the Total Force Policy Study Group in preparing testimony for Congressional committees and in developing materials on active/reserve mix for the program review by the Defense Planning and Resources Board. These materials on active/reserve mix are helping ensure that adequate attention is being paid to the cost/effectiveness tradeoffs between active and reserve forces as we restructure our forces.

DoD WRAP-UP

QUESTION: Has the Department ever undertaken a study of the affect a reserve call-up would have on the surge capacity of the U.S. industrial base under best, medium and worst case conflict scenarios?

ANSWER: No detailed study has been conducted, but we do from time to time assess some of the critical skills lost to reserve call-up during emergency and mobilization conditions. This is accomplished during Joint Chiefs of Staff (JCS) and DoD sponsored mobilization exercises and wargames.

DoD And The Environment

Question: Mr. Secretary, I understand that the Department of Defense is playing an increasing role in the area of environmental protection. I believe this is critical given the enormous land holdings of the Department and the potential contribution it can make toward safeguarding our nation's endangered natural resources. Environmental protection is high on my list of priorities for this committee, just as I believe it is a high priority for the American people. What active steps have you taken in recent months to accelerate the identification and protection of rare species and high quality ecosystems on Department of Defense lands?

Answer: DoD's 25 million acres of public lands tend to be located along coastlines, in agricultural regions, or near urban areas. As a result, they often harbor the remnants of imperiled habitats.

Since 1978, each DoD installation has been required to manage the natural resources within its boundaries for multiple purposes and to describe how it will do that in an integrated natural resources management plan.

In December 1988, DoD and The Nature Conservancy (TNC) signed an agreement establishing a policy of cooperation to identify, document, and maintain ecological diversity on defense installations. The agreement facilitates efforts by military installations to work with The Nature Conservancy and state agencies to compile data on endangered or rare plants and animals on DoD lands. In addition, DoD is able to obtain Conservancy and state data to improve and update their natural resources management plans.

Recent examples of local cooperative agreements between DoD and TNC include Vandenberg AFB, CA; Boardman Naval Training Facility, OR; Fort Huachuca, AZ; F.E. Warren AFB, WY; Fort Belvoir, VA; and Camp Lejeune, NC.

Question: Will there be inventories for, and protection given to, rare species and high quality ecosystems on the military installations scheduled for closure? If so, how will this process be implemented? Who in the Department of Defense will be responsible for this activity?

Answer: DoD must assess the potential environmental impacts of closing a military installation in accordance with the National Environmental Policy Act (NEPA). The Military Departments are preparing NEPA documents for proposed closures and realignments. Many of those documents will not cover property disposal environmental impact analysis. Where this is the case, a separate environmental assessment or environmental impact statement will be prepared prior to a disposal decision.

One aspect of these environmental analyses will be the identification of rare species and high quality ecosystems. In some cases, surveys are necessary to identify these important resources.

The agreement with The Nature Conservancy referenced in the previous answer could be used to implement this process. TNC collects and evaluates data and provides that information through a nationwide database called the Heritage Program. Their database includes three types of information: a list of each state's endangered plants and animals ranked according to how rare they are; a point location of endangered species in each state; and a history of each rare and endangered species with information on how best to manage the remaining resources.

Question: Mr. Secretary, the Services have proposed some new land acquisitions and/or expansions. Will these lands be inventoried for the presence of rare species and important ecosystems before they are acquired by the Department of Defense? If so, how will this process be implemented? Who in the Department of Defense will be responsible for this activity?

Answer: The Military Services are responsible for analyzing the impacts of proposed land acquisitions and/or expansions through the NEPA process. There is no specific requirement to inventory these lands for the presence of rare species and important ecosystems before they are acquired, although that information may be essential to completing an accurate analysis of potential environmental consequences of the land, should it come under DoD use and management. In any case, once lands are acquired, inventories are conducted as one step in preparing integrated natural resources management plans for those areas.

Italian Patriot Missile Agreement

Secretary Cheney, the United States is not the only nation feeling the pressures of cutting defense spending. Italy is experiencing both public and political pressures to reduce defense spending to ease their budget deficit problems.

Question: With an expected six to ten percent reduction in Italian defense spending projected for 1991, should the United States be concerned that the Italian government will not be able to fulfill the financial obligations of the "Italian Patriot Missile Agreement" recently signed by both countries.

Answer: The Italians are facing large reductions in their defense spending, just as we and the other NATO allies are. Mr. Martinazzoli, the Italian Defense Minister, has assured us that the Air Defense Agreement has his full support. In fact, the delay in the Italian signing of the Implementing Agreement was due to Mr. Martinazzoli's insistence that he be certain of full government support before making commitment. There is always a concern that funds will not be appropriated by the Parliament (or by the Congress), but the Italian government feels that they have the necessary support for the PATRIOT program to obtain the necessary funding.

Question: Secretary Cheney, with the changes in Europe you have spoken about today, is there any military requirement remaining which will justify the US/Italian PATRIOT Air Defense Agreement as currently negotiated? Are there any plans to close any of the four US airbases which are to be covered by the Italian SHORAD systems?

Answer: As the threat to the Central Region of NATO appears diminished, we feel that more attention will now be focused on the Southern Region. The Middle East and Mediterranean are less than

stable. The US still gains tremendous protection from both the PATRIOT and the Short Range Air Defense that will be put in place by the Italians. One of the original bases to be protected by Italian SHORAD is being changed since this base's priority for protection was changed by the INF agreement. The bases to be protected were selected by CINCEUR from several that lacked any point air defense. None of the bases are scheduled to be closed.

Italy must replace its outmoded NIKE Hercules system with some type of area Air Defense. In addition to providing the world's best anti-aircraft defense, the PATRIOT system provides some protection against tactical ballistic missiles that are a proliferating threat that concern Italy.

This agreement also boosts the US industrial base. The PATRIOT production line would have closed with the completion of US requirements procured in FY90. The PATRIOT equipment provided to Italy will allow that line to continue, keeping US workers employed and providing some opportunity for additional sales to other countries that have requirements to modernize their air defenses. Delays in the US procurement would have precluded exercise of a multiyear contract option and negated other potential cost savings for the US. A large part of the PATRIOT equipment that Italy will procure or coproduce will also accrue to US industry. Italian PATRIOT will also increase NATO standardization and add to the PATRIOT support base which will translate to decreased costs to maintain and operate US PATRIOT systems.

Question: Secretary Cheney, the Department of Defense has already obligated over \$240 million in fulfillment of the US part of the agreement. Has the Italian government approved or spent any money to begin the Italian obligations in this agreement?

Answer: The Italian government has developed a funding plan for the PATRIOT program. We understand that this plan has been approved by the appropriate Ministers, but the appropriation process has not been completed. Part of the appropriations will be sought through a Special Funding Law; this is a normal process for major procurement in Italy. Italian industry support for this program should also facilitate the appropriation process.

Question: Secretary Cheney, how long should the U.S. wait to see if the Italian government finds the money for this program before we terminate the agreement?

Answer: This agreement, like any other, is subject to the availability of funds and other enabling legislation. The first delivery of any PATRIOT equipment to Italy takes place in 1992. By that time, the Italian portion of the program, including the procurement/production of the additional PATRIOT equipment, training of Italian personnel, and the fielding of point air defense for US bases will have begun. If either the US or Italy were unable to fulfill its commitments, we would have consultations to determine and assess options prior to terminating the agreement.

Question: Secretary Cheney, should the US continue spending money on this program before the Italian government can assure us that the money will be available for the Italian side of the agreement?

Answer: Based on all known factors: the basic need for air defenses, the status of the US production line, the ability to exercise a money saving multiyear option, the political situation in the Mediterranean, and the commitment expressed by the Italian government, it is prudent to continue with this program at this time.

DoD And The Environment

Question: Mr. Secretary, I understand that the general public has taken an interest in the kinds of programs that you are proposing concerning rare

and endangered species protection. Not only do your efforts contribute to the safeguarding of the natural environment, but they improve the quality of life of the communities adjacent to the installations. What efforts have the Department taken to publicize your environmental programs and to elicit the support of communities surrounding effected DoD installations?

Answer: Many programs are conducted at the local level to elicit community support for our programs. About two-thirds of DoD lands are open to the public for hunting, fishing, and other forms of outdoor recreation.

The Deputy Assistant Secretary of Defense for Environment is establishing a partnership and volunteer program to promote increased assistance and cooperation by organizations and individuals on DoD lands. The program includes:

- 1) establishing policies and procedures for this new program,
- 2) preparing brochures to publicize the program, and
- 3) establishing an awards program for significant achievements by citizens acting within the partnership and volunteer program.

ENVIRONMENT

Question: Mr. Secretary, in your memorandum of October, 1989 to the Secretaries of the Military Departments on environmental management policy, you stated, "This Administration wants the United States to be the world leader in addressing environmental problems and I want the Department of Defense to be the Federal leader in agency environmental compliance and protection."

Mr. Secretary, please describe what concrete steps you have directed the Services to take to accomplish this goal?

Answer: As part of DoD's commitment to be the Federal leader in agency environmental compliance and protection, we have established, through the Under Secretary of Defense for Acquisition, the Defense and the Environment Initiative (D&EI). The D&EI will enhance the execution of current initiatives and identify new initiatives that we can undertake immediately to improve our environmental performance. Through the D&EI, DoD components are conducting assessments to establish baselines for measuring progress toward sustainable compliance and to identify immediate actions to improve our compliance posture; DoD is developing broad sustainable compliance goals and DoD components will provide objectives, implementation costs, strategies and schedules, and measures of progress to achieve our commitment to environmental leadership.

Question: What non-governmental organizations have you enlisted in your effort?

Answer: As part of the Defense and the Environment Initiative, the Department hopes to capitalize on existing solutions and technologies to meet its environmental challenges by drawing from non-DoD and non-governmental sources. On September 6-7, 1990, DoD is holding a Defense and the Environment Initiative Forum entitled, "Our Nation's

Defense and the Environment," that will include 300 representatives from industry and the environmental community to discuss environmental issues and programs and seek input from participants. Non-governmental organizations include the National Wildlife Federation, American Defense Preparedness Association, Natural Resources Defense Council, Aerospace Industries Association, World Technology Foundation, National Security Industrial Association, Global Tomorrow Coalition, the Keystone Center, Contract Services Association, Council on Defense and Space Industry Associations, Chemical Manufacturers Association, Defenders of Wildlife, Natural Resources Council of America, and the National Fish and Wildlife Foundation, as well as many others.

Question: What impact do you anticipate your environmental programs to have on the Operation and Maintenance account?

Answer: Based on the increasing complexity of statutory and regulatory requirements, it is apparent that the level of funding currently identified in the Operation and Maintenance account is probably inadequate and will need to be increased. However, the full level of the increase has not been determined at this time.

Question: Have each of the Services made provision for carrying out your environmental initiative in their respective five-year budget plans? If so, please share with this committee written details of these five-year initiatives?

Answer: Execution plans for fully implementing the Defense and the Environment Initiative (D&EI) are still being developed. At the conclusion of the D&EI, the Department will have an Environmental Strategic Plan that supports my commitment to be the Federal leader in environmental compliance and protection. In the meantime, and despite overall budget reductions, each of the Services has programmed and budgeted significant increases in funding for environmental compliance.

QUESTIONS SUBMITTED BY SENATOR BYRD

Highest Priorities for FY 1991 Funding

Question. The FY 1991 defense budget was developed through a highly complex process that took many months and involved the participation of many levels of bureaucracy within the services and the Pentagon. During the six months immediately preceding the FY 1991 budget presentation to the Congress at the beginning of this year, a series of startling developments in the Soviet bloc that have major implications for U.S. defense planning occurred. Moreover, Congressional projections of defense spending indicate sharp reductions. Proposals range from Senator Nunn's suggestion that the defense budget might decline by about 20 percent by 1995. Such declines would presumably require different priorities for U.S. defense programs. In light of recent international developments and budgetary projections, please share with us your present assessment of their implications for U.S. defense policy over the long run as well as in relation to the FY 1991 defense budget. Specifically, if you were presenting your defense budget today, what would be your three highest priorities in terms of FY 1991 funding?

Answer. Our priorities have not changed since first presented in the Administration's FY 1991 defense request. The DOD request remains a prudent response to recent international developments and U.S. budget constraints. Focusing on just three priorities, they would include:

--People. The defense budget should help us attract and retain high-quality military and civilian professionals--emphasizing their training, quality-of-life, and career satisfaction. Too drastic a defense drawdown would break faith with our people and sabotage hard-won progress.

--Quality and technological superiority of U.S. forces. By sustaining readiness, Research and Development (R&D), and timely modernization, we can ensure the adequacy of our forces, even though they are shrinking.

--Most difficult to restore elements. We should give priority to those elements of our military posture that would be most difficult to restore once lost. Those elements include the quality of our people, our national technological prowess, and unique manufacturing processes of our defense industrial base.

Question: On January 24, 1990, you ordered a freeze on funding for new military construction, effective through April 30 and later extended it through June 15. The order prohibited contract awards for projects previously approved and funded by Congress and reportedly would affect more than \$7 billion for military construction projects in the United States, Europe, and the Pacific. Some 200 military construction projects, valued at \$1.2 billion, have been identified as candidates for possible cancellation. Please explain the rationale for this funding freeze and the proposed cancellation, including discussion of how these actions may be related to the budget request for FY 1991 and whether you plan to extend the current freeze beyond June 15, 1990.

Answer: The military construction moratorium was extended through November 15, 1990 by the Deputy Secretary of Defense on June 14. We have submitted a list of construction projects for rescission to OMB. Resource constraints and changes in the world situation have caused the cancellation of these projects. The moratorium has been extended pending completion of thorough evaluations and final decisions for closure, realignment, and in light of world events. It would not be prudent to fund military construction at certain installations pending the outcome of these events.

QUESTIONS SUBMITTED BY SENATOR LEAHY

B-2 BOMBER

Mr. Secretary, there is a dearth of information about your proposal to buy 75 bombers. Last week, the Secretary of the Air Force could not tell the Senate Armed Services Committee how much would be needed in FY91

Question: How much will the Air Force need in FY91 for the B-2? Can you provide the committee a detailed spending profile now? If not, when will Congress receive this information?

Answer: The restructured B-2 program will require approximately \$4 billion in FY 1991. At this point, a distribution of the revised request, by appropriation or line item, is not yet available. The revised FY 1991 program estimate is being reviewed in light of recent contract cost performance to ensure that the program is properly priced and executable. The FY 1989 contract pricing, in particular, should substantiate the assumptions underlying the FY 1991 estimate. Therefore, submissions of a detailed line item breakdown of the FY 1991 funding request is being delayed pending definitization of the FY 1989 airframe contract.

STRATEGIC MODERNIZATION

Question: Mr. Secretary, General John Chain has stated he will not support ratification of the START Treaty unless Congress fully funds the B-2. Is this your position?

Answer: We at the Department of Defense believe that the case for buying the B-2 is a strong one and that Congress, having been briefed about the B-2's capabilities -- which allow us to hold at risk a full range of targets -- and U.S. bomber requirements into the 21st century -- including a bomber which can challenge continuously updated Soviet strategic defenses -- will support deployment of the B-2 and work with us to take advantage of the favorable START counting rules which have been agreed.

Failure by the Congress to fully fund the B-2 would, however, weaken the U.S. strategic posture in the future, particularly since agreements beyond START may leave the U.S. with a smaller strategic inventory -- increasing the need for fully modernized, highly survivable systems.

Question: Will you permit the commander of the Strategic Air Command to take a position against an arms control agreement approved by the President?

Answer: The Joint Chiefs of Staff and various military commanders play an important advisory role in formulating and evaluating our arms control positions. Within this context, we believe it is important that the commander of the Strategic Air Command give his military evaluation of the START Treaty and that in doing so, the commander can and has made significant contributions to the process since the start of the negotiation in 1982. We are confident that the President will sign the START treaty only if he judges it to enhance strategic stability and thus national security.

QUESTIONS SUBMITTED BY SENATOR DeCONCINI

Fort Huachuca

In March, in response to my questions on the realignment at Fort Huachuca, Army Secretary Stone testified before this subcommittee that:

"From a business viewpoint, as a manager in the private sector, no investment would ever get by a board of directors if it were going to be a 43-year payback....We are looking at a figure of something like \$480 million to make that move...The recovery of the investment (through the realignment) does not make business sense."

Thus, your Army Secretary says that the Fort Huachuca realignment will end up costing the taxpayers nearly half a billion dollars. I hate to beat what some might call a dead horse, but I believe that you will be wasting valuable resources if you proceed with this realignment. When a number of my colleagues and I tried to raise this issue with you last fall, you said that you were proceeding with the base closings recommendations because you had to save money. Now, even your Army Secretary is in agreement that the move at Fort Huachuca will not save any money.

I later met with the Secretary and he indicated that you two had spoken about a number of bases, including Fort Huachuca. He also indicated that you and he were examining the possibility of a remedy to this situation.

Question: Don't you agree that the Fort Huachuca realignment will cost an excessive amount of money? What can you tell this subcommittee about the progress, if any, in your discussions with Secretary Stone?

Answer: The Fort Devens/Fort Huachuca realignment is part of a group of interrelated consolidations and realignments recommended by the Commission. The project costs for this realignment should not be analyzed in isolation because the decision was based on an aggregate cost/savings evaluation. The consolidation of the Intelligence School, Information Systems Command, and the Criminal Investigations Command paved the way for additional reductions as proposed in the January 29, 1990 announcement. We fully support The Base Realignment & Closure Act(P.L. 100-526) and plan on fully implementing the Commission's recommended actions.

LIBBY AIRFIELD AT FORT HUACHUCA

Question: You have implemented a moratorium on a number of military construction projects through the end of this fiscal year. You probably have also been informed that the runway at Libby Airfield at Fort Huachuca is falling apart. The head of Engineering and Housing at the Fort says that the problems with the runway are "bordering on severe" and that parts of it may not survive through July or August without immediate assistance. The airstrip is used by the Fort, by the Arizona Air National Guard, and for emergency landings and overflow training by Davis-Monthan Air Force Base. It was the field on which President Reagan's plane landed last year when he received emergency medical treatment at Fort Huachuca after his accident in Mexico. Unfortunately, the field must be searched after every plane lands

because huge chunks of tarmac are kicked up. I was out there last December and saw the extremely poor condition of the runway. I plan on seeking funds to provide for the necessary design and reconstruction of the runway. Can you tell me what impact, if any, your construction moratorium might have on this project? Are emergency projects such as this being exempted from the moratorium.

Answer: The moratorium does not affect planning and design of valid permanent facilities, but does affect the actual construction. However, projects can be exempted from the moratorium on a case-by-case basis by the Deputy Secretary of Defense based on urgency.

Question: North Korea has reacted harshly to the recent warming in relations between Moscow and Seoul. Current plans call for a reduction in the number of U.S. forces deployed in South Korea from the current 43,000.

What role do you see our forces deployed in the region? How much longer do you anticipate the U.S. presence lasting? Do you see a greater reduction in U.S. ground-based troops while still maintaining our Air Force presence in the South?

Answer: There will be a continuing need for a U.S. force presence in Northeast Asia into the 21st Century to deter aggression and to protect U.S. interests in the region. What forces remain will be decided by reviews of the threat, and the U.S. and allied forces structures in 1992 and 1995.

AHIP & AH-64

Question: Mr. Secretary, at the end of this year, you will have terminated production of the AHIP and the AH-64 Apache. Additionally, you have announced that the Army will no longer be producing its workhorse helicopter - the Blackhawk. Now we are hearing rumors on the Hill that the rug may also be pulled out from beneath the LH, or Light Helicopter, program. Will the Army have any helicopters in production after the next year or two?

Answer: The major aircraft review on the LH is currently in process. Until that process is complete, no decision on the LH program will be made. The current schedule provides procurement of the LH to begin in FY 1995. That is the only Army helicopter program in production after FY 1991.

RESULTS OF LH PROGRAM

QUESTION: You are due to announce the results of your study of the LH program in the next few weeks or so. Current plans call for the production of 1875 LHs over the life of the program. The way it looks now, we will face approximately a six year gap in helicopter production. Assuming the LH program is maintained and does not slip out of the picture, are you at all concerned about the industrial base as it applies to the nation's military helicopter industry?

ANSWER: Yes, we are entering a period of reduced helicopter production. Based on projected future total DoD helicopter demand, there is a possibility of further helicopter production base contraction. We also believe that with current and future new helicopter production requirements, coupled with foreign military sales, upgrade/modification programs, depot maintenance, spare parts, etc., that sufficient business will exist to maintain a competitive production base.

AH-64, APACHE READINESS

QUESTION. There has been an ongoing negative campaign about the "so-called" reliability and maintenance problems of the AH-64, Apache Helicopter. The Philadelphia Inquirer did an expose on the Apache and the General Accounting Office (GAO) has also been studying it. All of the information I have seen, however, appears to be based on old information. The word from the commanders in the field and the men who flew the Apache during "Operation Just Cause" in Panama and during the "REFORGER 90" exercises in Europe is that they felt confident with the Apache and with its performance.

Would you comment on the Apache readiness rates as they stand today? Also, would you bring us up-to-date on the Apache Action Teams and the work that is being done to ensure that the Apache is properly maintained?

ANSWER. The worldwide Apache readiness rates have recovered from the effects of the May 1989 storms and the extensive maintenance manhours required to perform three safety-of-flight inspections during that period. Ninety-eight of the 118 damaged Apaches have been repaired. The remainder are currently in a depot maintenance facility and will be returned to the operational fleet by the end of the year.

The worldwide readiness rates of the last three months are comparable with the averages of the year prior to the storm. The April 1990 Fully Mission Capable (FMC) rate is 61 percent versus a goal of 70 percent and the Mission Capable (MC) rate is 70 percent versus a goal of 75 percent.

The improvements in the readiness rates of the five Apache battalions in United States Army, Europe (USAREUR) have exceeded the Army's goals since February. The USAREUR rates during April were MC 83 percent and FMC 75 percent. The factors leading to these better rates are viewed as proving out the fixes that are expected to steadily increase worldwide readiness rates. The fixes include solutions to materiel design and reliability problems, more effective fault isolation techniques, better management of available maintenance manhours, an expedited supply system, and stonger command emphasis. Among these fixes, personnel strength has been found to be a key in achieving readiness goals when other factors are kept at satisfactory levels. The USAREUR units, as a result of their forward-deployed priority, are near full strength as are the Apache units in the continental United States.

Additionally, the USAREUR units are supported by additional five-man civilian contract teams as an interim measure until each battalion receives a 35-man increase in strength. Eighteen are aircraft maintenance personnel of which ten are direct Apache maintainers.

The application of the fixes on the production line, to fielded aircraft and in the training base, is progressing well and is expected to be complete in two years.

Worldwide Apache readiness rates are expected to rise during the next two years as the fixes mentioned above are implemented. An analytical treatment of current readiness experience and judgment suggest that worldwide rates will reach MC goals in six months (approximately 2QFY91) and FMC goals in 12-18 months (approximately 4QFY91).

Several recent extended field exercises bear out that Apache Attack Helicopter Battalions perform well when allowed to focus on their primary flying and maintenance missions.

			<u>FMC</u>	<u>MC</u>
Just Cause	20 Dec 89-9 Jan 90	316 hours	76.0	81.0
REFORGER 90	15-29 Jan 90	2670 hours	74.0	84.7
Hunter-Liggett 1/	Jan-Apr 90	1516 hours	84.0	87.7
Willing Eagle 2/	6-24 May 90	305 hours	89.0	98.0

NOTES:

1/ 1/01 Deployment.

2/ -Eight AH-64 aircraft deployment.

The Apache Action Team (AAT) was formed in March 1989. The purpose of the AAT was to correct identified issues impacting on Apache readiness. Ten AAT meetings have taken place to date. A total of 166 different issues, all impacting on Apache readiness, have been worked by the AAT in the last 12 months, of which 101 have been closed. New and improved hardware is now being made available to the field. When all of the hardware issues have been corrected, it is anticipated that readiness will be improved by three to five percent. This improvement will be the direct result of reliability improvements and reduced maintenance manhours.

AH-64, APACHE MAINTENANCE

QUESTIONS. Do you foresee any shortfall in maintenance and spare parts funding for the Apache this year?

ANSWER. No. Maintenance and spare parts for FY90 were fully funded against the requirement.

Light Helicopter Program

Question: If the LH does begin to slip, would you find it helpful if you were provided a small amount of advanced procurement funds for additional Apaches in FY 1991?

Answer: The Department has no current requirement for AH-64 Apaches after FY 1990. There is no direct link between the Apache helicopter and the LH, because they perform different missions. The Apache is an attack helicopter and the LH is a scout helicopter. Helicopter requirements will be evaluated, if required, once the LH review is complete.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

50th Armored Division

QUESTION. What are the Defense Department's plans with regard to cutbacks in FY1992 and FY1993 for the New Jersey National Guard?

ANSWER. Current proposals are that the New Jersey Army National Guard be reduced by 1,191 force structure spaces in FY 92 and by 1,173 spaces in FY 93. However, these proposals are pending the outcome of the Department of Defense Total Force Policy Study Group. Their preliminary report will be made to Congress in September, 1990 and their final report by the end of the calendar year.

QUESTION. I understand that currently you plan to cut 1,322 troops in FY1992 which would entail the loss of engineer and signal battalions. In 1993, the proposal is to cut 1,173 troops, which means the loss of the 50th Armored Division headquarters and the loss of a major general position. Is that true?

ANSWER. If structure reductions are executed as currently proposed, the New Jersey Army National Guard will be reduced by 1,191 spaces in FY 92. These proposed FY 92 cuts include an engineer battalion (minus two companies) and a signal battalion. Proposed reductions in FY 93 total 1,173 force structure spaces and include the Headquarters and Headquarters Company, 50th Armored Division. One impact of this reduction would be the loss of the division commander, a major general's position. However, we have proposed the reorganization of the 50th Armored Division and the 42nd and 26th Infantry Divisions into a single new division. The location of the proposed new division's headquarters, including the division commander's position, has not been determined. However, it is anticipated that the historical lineage and honors of the northeast divisions will be considered in making this decision.

QUESTION. What is the justification for such cutbacks?

ANSWER. The Army's FY 1991 budget submission included proposed reductions in active and reserve component force structure which reflect the expectations of a reduced conventional force threat and significant resource constraints. The resulting Total Force reorganization proposal included the reduction of two Army National Guard divisions. Rather than eliminate two complete divisions, the decision was made to reduce the impact on any one state by selectively reducing three divisions and creating a new unit out of remaining assets. Units proposed for reduction were selected on the basis of Total Army force requirements, current readiness, past performance and potential for improvement. The 50th Armored Division, and the 42nd and 26th Infantry Divisions have had difficulty maintaining strength and have limited potential for improvement according to projected demographics. Therefore, they have been proposed for this reduction and subsequent reorganization into a new, heavy division. The proposed new division will be readily supportable by the Northeastern recruiting pool.

QUESTION. Specifically, what is the justification for the cutback in Headquarters?

ANSWER. If executed as currently proposed, the 50th Armored Division will be inactivated with the resulting loss of the Division Headquarters.

QUESTION. How much money will be saved?

ANSWER. We estimate that the inactivation of the 50th Armored Division Headquarters at Ft Dix will save approximately \$3.6M. This number includes \$3.2M in personnel costs, and \$.4M in operations and maintenance costs. These are FY94 dollars, the first year that savings would be realized.

QUESTION. Where will the 50th Armored Division headquarters be moved to? What is the basis for this move?

ANSWER. The current proposal is that the Headquarters and Headquarters Company, 50th Armored Division will be inactivated rather than moved.

QUESTION. What other states are losing division headquarters in this fiscal year? In FY1992? In FY1993?

ANSWER. It is proposed that division headquarters will be reduced in FY 93 in New Jersey and in New York. No other Army National Guard division headquarters reductions are currently proposed for the FY 90-93 time period.

QUESTION. What impact will these cutbacks have on the mission at Fort Dix.

ANSWER. Because the reduction is pending the outcome of the Department of Defense Total Force Policy Study, and, the location of the proposed new division's headquarters remains to be determined, the impact on Ft Dix of these proposed reductions and reorganization cannot be determined at this time.

108 TACTICAL FIGHTER WING

QUESTION: I understand the US Air Force has proposed cancelling the 108 Tactical Fighter Wing planned conversion to F-16 aircraft from the C-141s currently there, and substituting a KC-135 air refueling aircraft instead. Is this true? When is it slated to occur?

What is the justification for such a move?

Would it save money, and if so, how much?

If this proposal were carried out, would it mean that some of the C-141 aircraft now based at McGuire will be leaving?

What implications does this have for future activity at McGuire Air Force Base? Does it mean a restructuring or phase down of activity there?

ANSWER: DOD is currently reducing and realigning its entire force structure in light of the rapidly changing world situation. The process is ongoing and no final decisions have been made. To speculate on the status of a single unit during this process would be premature at this time.

QUESTION: The 108th Tactical Fighter Wing recently won the Spaatz trophy as the best fighter wing in the Air National Guard. It received a rating of excellent in its recent operational readiness inspection by the U.S Air Force. It is deployable worldwide for combat as proven by its recent successful deployment to Norway. Given that record, why is the Air Force making plans to cancel the 108th Tactical Fighter Wing's planned conversion to the F-16 from the F-4 aircraft?

ANSWER: No decision has been made by the Department of Defense to change the planned conversion of the 108th Tactical Fighter Wing from the F-4 to the F-16 aircraft. The 108th Tactical Fighter Wing's record is indeed admirable and they are one of the Air National Guard's premier tactical fighter units.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Advanced Tactical Aircraft (ATA or A-12)

Question: It was recently reported in the open press that the first flight of the Advanced Tactical Aircraft (ATA or A-12) had been delayed from this July to late next year. The contractors appear to have run into major manufacturing problems. What objections would you have to a congressional effort to rechannel this year's ATA procurement money into other high priority Navy requests?

Answer: The Department is aware of these published reports and is investigating their accuracy. Until further information can be obtained, it is premature to make any decision to reprogram A-12 program funding to other requirements.

M-1 Tank Retrofit Program

Question. How would you react to a Congressional initiative to retrofit M-1 and improved M-1 tanks into M1-A1 as the lowest cost solution to maintaining a minimal tank production industrial base.

ANSWER. The need to retrofit M-1 and improved M-1 tanks into M1-A1 has not been established by the Army and no funding provided in the FY 92-97 Program Objective Memorandum (POM) addendum. This option will not increase the lethality, survivability, or fightability of the first to fight units, since the forward deployed forces are already equipped with the M1-A1 tanks. However, the conversion of the M1-A1 tanks to M1-A2 configuration would be a more desirable alternative, since it would provide a significant improvement in effectiveness. The Army has a requirement for nearly 2,000 of these tanks, while we have been able to budget for procurement of only 62 M1-A2 tanks.

B-2 PROGRAM

QUESTION: Why did you settle on 75 B-2s in your Major Aircraft Review? How will 75 B-2s integrate into the larger strategic bomber force? How many aircraft of the 75 are for attrition? Pipeline? R&D?

ANSWER: We settled on 75 B-2s after carefully reviewing the impact of B-2 fleet size on cost, schedule, and operational performance. Seventy-five aircraft provide for a considerable number of arriving weapons after penetrating heavy Soviet air defenses.

The Operational Commander stated that a logistics system for numbers of aircraft below around 75 becomes increasing costly and difficult to maintain over the life of the system.

The B-2 will be integrated into the strategic bomber force as a penetrating system. As the numbers of B-2s increase, B-52Hs will transition from a shoot-and-penetrate role to a strictly standoff role. As the probability of survival of the B-1B decreases in its current penetration role, it will start to assume the shoot-and-penetrate role.

The 75 aircraft represent two nominal 30-aircraft wings with the remaining aircraft accounting for training, depot and attrition. One aircraft will remain an RDT&E asset. Over an anticipated 30-year lifetime, experience shows that some aircraft will be lost to operational factors.

STRATEGIC MODERNIZATION

Question: If Congress cancels or further limits the buy of B-2s, should the U.S. renegotiate the proposed bomber counting rule in the START Treaty that favors penetrating bombers carrying gravity bombs and short-range attack missiles?

Answer: The question of bomber weapon attribution was resolved at the Moscow Ministerial and the Washington Summit, allowing President Bush and President Gorbachev to sign the treaty in principle. At this point, the utility of reopening bomber counting rules is highly questionable and would likely come at some cost.

Even if, however, the Soviets did agree to a change in the bomber counting rules at this late point in the negotiations, it is by no means clear that the U.S. would want to replace the B-2 with an all cruise missile carrier force.

The Department continues to support a U.S. bomber force that contains a mix of penetrating bombers and cruise missiles. Deployment of the B-2 is key to maintaining the effectiveness of the penetrating portion of that force past the turn of the century.

Question: Do you agree with General Chain that swapping SS-24s for Rail Garrison MX is not a fair trade, and that, in fact, the MX is our counter to the Soviet SS-18?

Answer: To begin with, the Administration is not currently considering or pursuing a swap of the Rail Garrison for the Soviet Union's rail-based SS-24s. Moreover, even if the U.S. were pursuing this proposal, it is doubtful that the Soviet Union would find such a "swap" attractive since the U.S. would only give up its conviction to deploy such a system while the Soviets have already deployed more than twenty of the 10-RV SS-24s onto trains. In order to begin negotiating such an agreement with the Soviets, the U.S. would either have to deploy the Peacekeeper Rail Garrison or pay a high price to eliminate the SS-24s. If the Soviets are confident that Congress will not provide the necessary funds to deploy the Peacekeeper Rail Garrison, then it behooves the Soviets not to trade the SS-24 for a Peacekeeper Rail Garrison that does not and may never exist. Indeed, we should remember that in the INF Treaty negotiations, the Soviets became willing to eliminate the SS-20 only after we began to deploy the Pershing II and GLCM. Thus, before we can even begin to discuss the terms under which we would swap the Peacekeeper Rail Garrison, we must render that system something more than simply a concept -- we must first fund its full deployment.

Air Defense Anti-Tank System (ADATS)

Question: Recent ADAT tests are reported to have revealed serious shortcomings in terms of reliability. Should ADATS funds for FY 1991 be rechanneled to other Army priority programs?

Answer: The Department is aware of the ADATS reliability problems and is conducting a review to determine the impact on the FY 1991 program. Until further information is gathered, it is too early to make any decisions on transferring the ADATS funding to support other Defense requirements. However, it appears that the FY 1990 procurement funding will not be required and will be reprogrammed to support urgent Army requirements.

QUESTIONS SUBMITTED BY SENATOR SPECTER

V-22

Question: Because of the joint services requirements, the V-22 began as a joint services program, with the Army as the lead service. Additionally, in 1984 the Department of Defense identified some 26 additional joint services missions for the aircraft. Consequently the aircraft has been designed and built to accommodate the requirements of all four services. Now, the Pentagon has focused on only one of the missions of the V-22--that of the Marines amphibious ship-to-shore mission--and declared that the aircraft is too expensive for that one mission. Despite the fact that the COEA study supposedly still demonstrates that the V-22 is cheaper, isn't the Pentagon showing bad faith in its commitment to fulfilling joint service requirements? More importantly, isn't the Pentagon also ignoring the many other missions that the V-22 can perform, such as the remaining Marine Corps missions of long range special operations, combat search and rescue, and drug interdiction, to mention only a few?

NOTE: Language in the FY90 Appropriations Conference Report directed the COEA study to include consideration of alternative missions.

Answer: First, the V-22 Cost and Operational Effectiveness Analysis conducted by the Institute for Defense Analyses constructed alternatives to have roughly equal, undiscounted 20-year life cycle costs. Since all alternative fleets were sized this way, none was inherently cheaper. However, the V-22 is more costly in the period FY 1991-1997.

The V-22 study did take into account all of the other Marine Corps missions and all of the other missions requested by the FY 1990 House Armed Services Committee Report and the FY 1990 Appropriations Conference Report. That study will be fully considered as I review the programs needed for defense.

Question: In light of the Department's goal to become much more involved in the fight against drugs, wouldn't the V-22 be an ideal capability for the department to have, one aircraft that could perform all three missions: surveillance and detection; pursuit; and apprehension?

Answer: Yes, the design capabilities of the V-22 make it a very favorable aircraft to use in the fight against drugs. The design characteristics of the aircraft also are very favorable for the Marine Corps missions. The problem has never been the characteristics of the aircraft, the problem has been the cost. When I made my decision to cancel the V-22 it was based on affordability.

Question: Why didn't the Department of Defense simply tell the V-22 program to stop work pending the completion of the COEA rather than terminate all long lead contracts, which will automatically add cost and time to the program?

Answer: The Department terminated all long lead contracts because when we made the tough decision to cancel the V-22, it was incumbent upon us to recover for the taxpayers the Fiscal Year 1989 funds obligated but not expended for V-22 procurement.

AIRCRAFT CARRIERS

Question: Has a decision been made in connection with the future size of the carrier force and what is the time frame to implement changes, if any?

Answer: The President's Amended FY 1991 Budget supports a force of 14 deployable carriers. We are currently examining the carrier force level as part of our review of the FY 1992 budget and associated FY 1992-97 defense program. No decisions have been made as yet on this issue. I would expect that if changes in the carrier force are made, they would be implemented during the FY 1992-97 program period.

COMPLEX OVERHAUL

QUESTION: How long will a complex overhaul extend the life of a carrier? How much will it cost?

ANSWER: A complex overhaul (COH) does not technically extend the life of a ship, but rather restores a ship's material condition which has deteriorated over the operating cycle and provides extensive modernization to improve warfighting capability. Since the notional interval between non-Service Life Extension Program (SLEP) carrier COH's is five years, it could be assumed during the ship's service life that the COH provides some surety of normal operations until the next regularly scheduled overhaul period.

A complex overhaul requires approximately 500,000 mandays of repairs and modernization, and currently costs approximately \$225 million.

NEW CARRIER

QUESTION: If the Kennedy did not undergo a SLEP, would you be required to procure a new carrier at an earlier date to replace the Kennedy when it reaches the end of its service life?

ANSWER: Aircraft carrier replacement strategies are based on force levels and life expectancies. The requirement for new construction aircraft carriers is currently under review within the Department.

Under the current President's FY 1991 budget of 14 deployable carrier battlegroups, if Kennedy did not undergo a Service Life Extension Program (SLEP), a new construction carrier would need to be procured at an earlier date. This would be necessary to maintain the carrier force level since Kennedy would be at the end of its' service life.

NEW CARRIER

QUESTION: The Atlantic Fleet Scheduling Conference held 9-13 April, 1990, stated that the America would be decommissioned in 1996 under a 12 carrier force structure. If the America were to undergo SLEP in 1995 as originally planned, would not the extension of the service life of this carrier delay the need to fund for construction of a costly new carrier?

ANSWER: Service Life Extension Program (SLEP) ensures carrier force levels are sustained until new carriers come on line. Under the current President's FY 1991 Budget of 14 carrier battlegroups, USS America's SLEP is required to maintain this force structure. This SLEP would extend America's service life 15 years until FY 2011.

New aircraft carrier procurement is dependent upon force level requirements. These requirements are presently under review within the Department.

SUBCOMMITTEE RECESS

Senator INOUE. So, Mr. Secretary, with the gratitude of the subcommittee, this subcommittee now stands in recess until further call of the Chair.

Thank you very much.

Secretary CHENEY. Thank you, Mr. Chairman.

[Whereupon, at 11:46 a.m., Tuesday, June 12, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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